INTERDIGITAL INC.

FORM 10-Q

(Quarterly Report)

Filed 05/15/03 for the Period Ending 03/31/03

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Industry	Communications Equipment
Sector	Technology
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2003

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to _________

Commission File Number 1-11152

INTERDIGITAL COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

PENNSYLVANIA **(State or other jurisdiction of incorporation or organization)**	**23-1882087** **(I.R.S. Employer Identification No.)**

781 Third Avenue, King of Prussia, PA 19406-1409
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (610) 878-7800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether registrant is an accelerated filer (as defined by Rule 12b-2 of the Securities Exchange Act of 1934).

Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Common Stock, par value $.01 per share	**55,630,320**
Class	**Outstanding at May 9, 2003**

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INTERDIGITAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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GLOSSARY OF TERMS

CDMA

"Code Division Multiple Access". A method of digital spread spectrum technology wireless transmission that allows a large number of users to share access to a single radio channel by assigning unique code sequences to each user.

CDMA2000

A standard, as amended, which evolved from narrowband CDMA technologies (i.e. IS-95 and cdmaOne) and includes, without limitation, CDMA2000 1X, CDMA 1X EV-DO, CDMA-2000 1X EV-DV and CDMA2000 3X. Although CDMA2000 1X is included under the IMT-2000 family of 3G standards, it is functionally similar to 2.5G technologies.

Chip

An electronic circuit that consists of many individual circuit elements integrated onto a single substrate.

Chip Rate

The rate at which information signal bits are transmitted as a sequence of chips. The Chip Rate is usually several times the information bit rate.

Digital

Information transmission where the data is represented in discrete numerical form.

Duplex

A characteristic of data transmission; either full duplex or half duplex. Full duplex permits simultaneous transmission in both directions of a communications channel. Half duplex means only one transmission at a time.

EDGE

"Enhanced Data rate for GSM Evolution". Technology designed to deliver data at rates up to 473.6 kps, triple the bandwidth of most wireless services, and built on the existing GSM Standard and core network infrastructure. A 2.5G technology.

Frequency

The rate at which an electrical current or signal alternates, usually measured in Hertz.

GSM

"Global System for Mobile Communications". A digital cellular standard, based on TDMA technology, specifically developed to provide system compatibility across country boundaries.

GPRS

"General Packet Radio Systems". A packet-based wireless communications service that enables high-speed wireless Internet and other data communications via GSM networks.

Hertz

The unit of measuring radio frequency (one cycle per second).

ITC

"InterDigital Technology Corporation", our wholly-owned Delaware subsidiary.

MHz

"MegaHertz". Millions of Hertz.

Narrowband

A communications channel capable of handling voice, fax, slow-scan, video images and data transmissions; usually less than 64 kpbs.

PDC

“Personal Digital Cellular”. The standard developed in Japan for TDMA digital wireless mobile radio communications systems.

PHS

“Personal Handyphone System”. A digital cordless telephone system and digital network based on TDMA. This low-mobility microcell standard was developed in Japan. Commonly known as PAS in China.

Technology Platform

The base technology of a system’s hardware and software that defines how the system is operated and determines other kinds of software that can be used.

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Standards

Specifications that reflect agreements on products, practices, or operations by nationally or internationally accredited industrial and professional associations or governmental bodies in order to allow for interoperability.

TDD

"Time Division Duplexing". A duplex operation using a single frequency, divided by time, for transmission and reception.

TDMA

"Time Division Multiple Access". A method of digital wireless transmission that allows a multiplicity of users to share access (in a time ordered sequence) to a single channel without interference by assigning unique time segments to each user within the channel.

3G

"Third Generation". A generic term usually used in reference to the next generation digital mobile devices and network, which provide high speed data communications capability along with voice services.

TIA/EIA-54

The original TDMA digital cellular standard in the United States. Implemented in 1992 and then upgraded to TIA/EIA-136 digital standard in 1996.

TIA/EIA-95

A digital wireless technology standard, as amended, based on CDMA technology; a predecessor to CDMA2000.

TIA/EIA-136

A United States standard for digital TDMA technology.

2G

"Second Generation". A generic term usually used in reference to voice-oriented digital wireless products, primarily mobile handsets which provide basic voice services.

2.5G

A generic term usually used in reference to fully integrated voice and data digital wireless devices offering higher data rate services compared to 2G and enhanced Internet access.

UMTS

"Universal Mobile Telecommunications System". 3G wideband wireless multimedia technology.

WCDMA

"Wideband Code Division Multiple Access" or "Wideband CDMA". The next generation of CDMA technology optimized for high speed packet-switched data and high-capacity circuit switched capabilities. A 3G technology.

Wideband

A communications channel with a user data rate higher than a voice-grade channel; usually 64kpbs to 2mbps.

Wireless

Radio-based systems that allow transmission of information without a physical connection, such as copper wire or optical fiber.

WTDD

"Wideband TDD" or "Wideband Time Division Duplex". A form of TDD utilizing high Chip Rate.

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PART I – FINANCIAL INFORMATION

Item I. **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

INTERDIGITAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	(Unaudited) MARCH 31, 2003	DECEMBER 31, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 18,816	$ 22,337
Short-term investments	75,766	65,229
Accounts receivable	99,638	53,486
Prepaid and other current assets	8,192	7,627
Total current assets	202,412	148,679
PROPERTY AND EQUIPMENT, NET	12,934	14,091
PATENTS, NET	15,464	15,016
OTHER NON-CURRENT ASSETS	12,523	13,392
	40,921	42,499
TOTAL ASSETS	$ 243,333	$ 191,178
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 192	$ 189
Accounts payable	3,461	5,412
Accrued compensation and related expenses	4,927	5,886
Deferred revenue	21,622	17,087
Foreign and domestic taxes payable	3,940	5,434
Other accrued expenses	1,878	2,826
Total current liabilities	36,020	36,834
LONG-TERM DEBT	1,920	1,970
LONG-TERM DEFERRED REVENUE	90,320	73,583
OTHER LONG-TERM LIABILITIES	1,620	0
TOTAL LIABILITIES	129,880	112,387
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock, $.10 par value, 14,399 shares authorized-$2.50 Convertible Preferred, 54 shares issued and outstanding, liquidation value of $1,375	5	5
Common Stock, $.01 par value, 100,000 shares authorized, 57,154 shares and 56,267 shares issued and outstanding	572	563
Additional paid-in capital	294,292	285,869
Accumulated deficit	(172,252)	(198,945)
Accumulated other comprehensive income	110	210
Unearned compensation	(1,201)	(838)

	121,526	86,864
Treasury stock, 1,500 shares of common held at cost	8,073	8,073
Total shareholders’ equity	113,453	78,791
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$ 243,333	$ 191,178

The accompanying notes are an integral part of these statements.

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INTERDIGITAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31, 2003	2002
REVENUES	$ 37,324	$ 20,949
OPERATING EXPENSES:		
Sales and marketing	1,210	1,090
General and administrative	4,117	3,694
Patents administration and licensing	3,139	2,855
Development	11,388	11,815
	19,854	19,454
Income from operations	17,470	1,495
OTHER INCOME	10,580	—
INTEREST INCOME	475	585
INTEREST AND FINANCING EXPENSES	(56)	(85)
Income before income taxes	28,469	1,995
INCOME TAX PROVISION	(1,742)	(1,945)
Net income	26,727	50
PREFERRED STOCK DIVIDENDS	(34)	(34)
NET INCOME APPLICABLE TO COMMON SHAREHOLDERS	$ 26,693	$ 16
NET INCOME PER COMMON SHARE - BASIC	$ 0.49	$ —
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	54,604	53,966
NET INCOME PER COMMON SHARE - DILUTED	$ 0.45	$ —
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	58,666	56,847

The accompanying notes are an integral part of these statements.

INTERDIGITAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2003	**2002**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before preferred stock dividends	$ 26,727	$ 50
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,358	1,982
Deferred revenue recognized	(10,964)	(12,867)
Increase in deferred revenue	32,236	46,000
Amortization of unearned compensation	246	702
Decrease (increase) in deferred charges	866	(3,978)
(Increase) decrease in assets:		
Receivables	(46,152)	(43,119)
Other current assets	(562)	630
(Decrease) increase in liabilities:		
Accounts payable	(1,951)	(2,255)
Accrued compensation	(959)	(2,001)
Other accrued expenses	(856)	5,083
Net cash provided (used) by operating activities	989	(9,773)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(37,231)	(7,500)
Sales of short-term investments	26,594	25,470
Purchases of property and equipment	(487)	(1,834)
Patent costs	(1,162)	(659)
Net cash (used) provided by investing activities	(12,286)	15,477
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from exercise of stock options and warrants and employee stock purchase plan	7,823	698
Payments on long-term debt, including capital lease obligations	(47)	(104)
Net cash provided by financing activities	7,776	594
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,521)	6,298
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	22,337	17,892
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 18,816	$ 24,190
SUPPLEMENTAL CASH FLOW INFORMATION:		
Leased asset additions and related obligation	$ —	$ 195
Interest paid	$ 49	$ 47
Income taxes paid, including foreign withholding taxes	$ 2,644	$ 791

The accompanying notes are an integral part of these statements.

INTERDIGITAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003
(UNAUDITED)

1. BASIS OF PRESENTATION :

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the financial position of InterDigital Communications Corporation (collectively with its subsidiaries referred to as InterDigital, the Company, we, us and our) as of March 31, 2003, and the results of operations and cash flows for the three month periods ended March 31, 2003 and 2002. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and accordingly do not include all of the detailed schedules, information and notes necessary to present fairly the financial condition, results of operations and cash flows in conformity with generally accepted accounting principles. Therefore, these financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's latest Annual Report on Form 10-K for the fiscal year ended December 31, 2002 as filed with the Securities and Exchange Commission (SEC) on March 31, 2003. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year.

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentations.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company accounts for stock-based employee compensation under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees* , and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted have an exercise price equal to the market value of the underlying Common Stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation* , to stock-based employee compensation:

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2003	**2002**
Net income applicable to Common Shareholders – as reported	$ 26,693	$ 16
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards (a)	(2,377)	(6,540)
Net income (loss) applicable to Common Shareholders – pro forma	$ 24,316	$ (6,524)
Net income per share – as reported – basic	0.49	0.00
Net income per share – as reported – diluted	0.45	0.00
Net income (loss) per share – pro forma – basic	0.45	(0.12)
Net income (loss) per share – pro forma – diluted	0.41	(0.12)

(a) No tax benefit has been recognized for the stock-based employee compensation expense since the Company is in a net operating loss (NOL) carryforward position and the realization of such benefit cannot be assured.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2003 and 2002: no dividend yield, expected volatility of 107% for 2003 and 72% for 2002, risk-free interest rates of 2.86% and 3.83% for 2003 and 2002, respectively, and an expected option life of 4.44 years for 2003 and 4.48 years for 2002. The weighted-average fair value at the date of grant for options granted during 2003 and 2002 is estimated as $12.58 and $6.49 per share, respectively. The pro-forma expense associated with option grants has been amortized over the period in which the options are earned using an accelerated method.

Equity instruments issued to non-employees for services are accounted for at fair value and are marked to market until service is complete.

2. CUSTOMER AGREEMENT :

In March 2003, we entered into separate worldwide royalty-bearing license agreements with Telefonaktiebolaget LM Ericsson and Ericsson, Inc. (together, Ericsson) and Sony Ericsson Mobile Communications AB (Sony Ericsson) for sales of terminal units and infrastructure products compliant with 2G GSM/TDMA and 2.5G GSM/GPRS/TDMA standards. Concurrent with these agreements, we resolved a patent infringement lawsuit with Ericsson that was scheduled for trial in May 2003.

We also were granted an option for a Reference Design License and Support Agreement for Ericsson’s GSM/GPRS/UMTS Platform.

We are due to receive aggregate payments of approximately $34.3 million from Ericsson and Sony Ericsson related to sales of terminal and infrastructure products through December 31, 2002. These payments are due over four quarters, commencing in second quarter 2003, of which $3.9 million was received in April 2003 and an additional $11.8 million is due over the balance of 2003. Of the $34.3 million, we recognized $20.3 million, that portion of the payments related to Sony Ericsson, as revenue in first quarter 2003. We recognized the remaining $14.0 million, net of a related insurance reimbursement obligation of $3.4 million, as other income in first quarter 2003, as this amount represents the settlement of our litigation with Ericsson. The recorded insurance reimbursement obligation is based on the total reimbursement we believe is due our insurance provider. Our insurance provider has indicated that they may be due amounts in excess of our recorded obligation. In any event, our total obligation would not exceed the lesser of the amounts paid by our insurance provider or an amount which is slightly less than 10% of the payments we receive from Ericsson and Sony Ericsson under our respective agreements. Payments to our insurance provider are not due until receipt of cash from Ericsson.

For the period January 1, 2003 through December 31, 2006, Sony Ericsson is obligated to pay us a royalty on each licensed product sold. In return for advance royalty payments related to projected sales of covered products for discrete twenty-four month periods, Sony Ericsson will receive certain prepayment discounts and credits. In May 2003, we received approximately $21.0 million of the $26.2 million advance royalty payments for the first twenty-four month period. We expect to receive the remaining $5.2 million in the third quarter of 2003. Once the initial prepayments are exhausted, Sony Ericsson would have the option to make additional advance royalty payments (net of related prepayment discounts and any applicable credits) or, pay royalties on an ongoing basis at undiscounted base royalty rates. The advance royalty payments will be recorded as deferred revenue and recognized as revenue in the periods in which Sony Ericsson exhausts such prepayments through the sale of covered product.

Ericsson also is obligated to pay us an annual license fee of $6.0 million per year for sales of covered infrastructure products for each of the years 2003 through 2006. The first payment of $6.0 million will be due in February 2004 and the remaining payments shall be due in quarterly installments of $1.5 million beginning in May 2004. The annual license fee will be recognized as revenue on a straight-line basis each year.

We believe the license agreements with Ericsson and Sony Ericsson establish the financial terms necessary to define the royalty obligations of Nokia Corporation (Nokia) and Samsung Electronics Co. Ltd. (Samsung) on sales of 2G GSM/TDMA and 2.5G GSM/GPRS/TDMA products under their existing patent license agreements with us. Under the most favored licensee (MFL) provisions applicable to their respective patent license agreements, we believe both companies are obligated to pay royalties to us on sales of covered products from January 1, 2002 by reference to the terms of the Ericsson and Sony Ericsson license agreements. The MFL provisions include terms for a period of review, negotiation, and dispute resolution with regard to the determination of the royalty obligations of both Nokia and Samsung. We have initiated the contractual resolution process with Nokia to determine the royalties to be paid under its license agreement. This establishes the timetable for discussions, senior executive meetings, and any future initiation of arbitration, if neccesary.

We have not and will not record revenue associated with the Nokia and Samsung license agreements related to sales of covered products during any period subsequent to January 1, 2002, until all elements required for revenue recognition are met.

3. INCOME TAXES :

As of March 31, 2003, we had NOL carryforwards of approximately $137.6 million for which no deferred tax asset has been recorded. We expect that we will continue to pay source withholding taxes to non-U.S. countries related to royalties, local and state income taxes, and alternative minimum taxes (AMT) when applicable. We do not expect to pay federal income tax (other than AMT) until these NOL's are fully utilized.

4. INCOME PER SHARE :

The following table sets forth a reconciliation of the shares used in the basic and diluted net income per share computations:

	(In thousands, except per share data)					
	Three Months Ended March 31, 2003			Three Months Ended March 31, 2002		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Income per Share-Basic:						
Income available to Common Shareholders	$ 26,693	54,604	$ 0.49	$ 16	53,966	$ —
Effect of dilutive options and Warrants	—	4,062	(0.04)	—	2,881	—
Income per Share-Diluted:						
Income available to Common Shareholders + dilutive effects of options and warrants	$ 26,693	58,666	$ 0.45	$ 16	56,847	$ —

For the three months ended March 31, 2003 and 2002, options and warrants to purchase approximately 1.8 million and 4.2 million shares of Common Stock were excluded from the computation of diluted earnings per share because the exercise prices of the options were greater than the weighted average market price of our Common Stock during the periods and, therefore, their effect would have been anti-dilutive.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto contained elsewhere in this document, in addition to our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (Form 10-K) as filed with the Securities and Exchange Commission (SEC) on March 31, 2003, other reports filed with the SEC and the "Statement Pursuant to the Private Securities Reform Act of 1995" below. Please refer to the Glossary of Terms located after the Table of Contents for a list and detailed description of the various technical, industry and other defined terms that are used in this Form 10-Q.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements included in our Form 10-K, and a discussion of our critical accounting policies, and the related estimates, are included in Management ' s Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K. There have been no significant changes in our existing accounting policies or estimates from the disclosure included in our Form 10-K.

SIGNIFICANT TRANSACTIONS

In March 2003, we entered into separate worldwide royalty-bearing license agreements with Telefonaktiebolaget LM Ericsson and Ericsson, Inc. (together, Ericsson) and Sony Ericsson Mobile Communications AB (Sony Ericsson) for sales of terminal units and infrastructure products compliant with 2G GSM/TDMA and 2.5G GSM/GPRS/TDMA standards. Concurrent with these agreements, we resolved a patent infringement lawsuit with Ericsson that was scheduled for trial in May 2003.

We also were granted an option for a Reference Design License and Support Agreement for Ericsson's GSM/GPRS/UMTS Platform.

We are due to receive aggregate payments of approximately $34.3 million from Ericsson and Sony Ericsson related to sales of terminal and infrastructure products through December 31, 2002. These payments are due over four quarters, commencing in second quarter 2003, of which $3.9 million was received in April 2003 and an additional $11.8 million is due over the balance of 2003. Of the $34.3 million, we recognized $20.3 million, that portion of the payments related to Sony Ericsson, as revenue in first quarter 2003. We recognized the remaining $14.0 million, net of a related insurance reimbursement obligation of $3.4 million, as other income in first quarter 2003, as this amount represents the settlement of our litigation with Ericsson. The recorded insurance reimbursement obligation is based on the total reimbursement we believe is due our insurance provider. Our insurance provider has indicated that they may be due amounts in excess of our recorded obligation. In any event, our total obligation would not exceed the lesser of the amounts paid by our insurance provider or an amount which is slightly less than 10% of the payments we receive from Ericsson and Sony Ericsson under our respective agreements. Payments to our insurance provider are not due until receipt of cash from Ericsson.

For the period January 1, 2003 through December 31, 2006, Sony Ericsson is obligated to pay us a royalty on each licensed product sold. In return for advance royalty payments related to projected sales of covered products for discrete twenty-four month periods, Sony Ericsson will receive certain prepayment discounts and credits. In May 2003, we received approximately $21.0 million of the $26.2 million advance royalty payments for the first twenty-four month period. We expect to receive the remaining $5.2 million in the third quarter of 2003. Once the initial prepayments are exhausted, Sony Ericsson would have the option to make additional advance royalty payments (net of related prepayment discounts and any applicable credits) or, pay royalties on an ongoing basis at undiscounted base royalty rates. The advance royalty payments will be recorded as deferred revenue and recognized as revenue in the periods in which Sony Ericsson exhausts such prepayments through the sale of covered product.

Ericsson also is obligated to pay us an annual license fee of $6.0 million per year for sales of covered infrastructure products for each of the years 2003 through 2006. The first payment of $6.0 million will be due in February 2004 and the remaining payments shall be due in quarterly installments of $1.5 million beginning in May 2004. The annual license fee will be recognized as revenue on a straight-line basis each year.

We believe the license agreements with Ericsson and Sony Ericsson establish the financial terms necessary to define the royalty obligations of Nokia Corporation (Nokia) and Samsung Electronics Co. Ltd. (Samsung) on sales of 2G GSM/TDMA and 2.5G GSM/GPRS/TDMA products under their existing patent license agreements with us. Under the most favored licensee (MFL) provisions applicable to their respective patent license agreements, we believe both companies are obligated to pay royalties to us on sales of covered products from January 1, 2002 by reference to the terms of the Ericsson and Sony Ericsson license agreements. The MFL provisions include terms for a period of review, negotiation, and dispute resolution with regard to the determination of the royalty obligations of both Nokia and Samsung. We have initiated the contractual resolution process with Nokia to determine the royalties to be paid under its license agreement. This establishes the timetable for discussions, senior executive meetings, and any future initiation of arbitration, if neccesary.

We have not and will not record revenue associated with the Nokia and Samsung license agreements related to sales of covered products during any period subsequent to January 1, 2002, until all elements required for revenue recognition are met.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL REQUIREMENTS

In first quarter 2003, we generated net cash of $1.0 million from operating activities compared to a net use of cash in operating activities of $9.7 million in first quarter 2002. The positive operating cash flow in first quarter 2003 arose principally from a net receipt of $11.9 million from NEC Corporation of Japan (NEC) associated with the third installment relating to our TDMA-based patent license agreement and collection of royalties recognized in 2002. These payments were partially offset by outflows related to cash operating expenses incurred and other working capital changes during first quarter 2003. In first quarter 2002, our use of cash in operating activities was primarily driven by our operating expenses and working capital needs. Although we recognized $11.6 million of royalty revenue relating to our license agreement with NEC in first quarter 2002, we did not receive any royalty payments from NEC until second quarter 2002.

Net cash used for investing activities in first quarter 2003 was $12.3 million compared to $15.5 million provided by investing activities in the same period of 2002. In first quarter 2003, we purchased $10.6 million of short-term marketable securities, net of sales. During first quarter 2002, we converted $18.0 million of short-term marketable securities to cash. The pace of investments in hardware and software during first quarter 2003 decreased $1.3 million to $0.5 million compared to first quarter 2002. Our capital expenditures should increase during the second half of 2003 as we move toward creation of WTDD field trial demonstration products. Investment costs associated with patents increased $0.5 million to $1.2 million in first quarter 2003 compared to first quarter 2002, reflecting higher 3G patenting activity levels during the period.

Net cash provided by financing activities in first quarter 2003 was $7.8 million versus $0.6 million in the comparable period last year. The increase in 2003 primarily resulted from net proceeds related to option and warrant exercises and the Company’s employee stock purchase plan ($7.8 million in first quarter 2003 versus $0.7 million in first quarter 2002).

As of March 31, 2003, we had $94.6 million of cash, cash equivalents and short-term investments, compared to $87.6 million as of December 31, 2002. Our working capital (excluding cash, cash equivalents, short-term investments, current maturities of debt and current deferred revenue) increased to $93.6 million at March 31, 2002 from $41.6 million at December 31, 2002. The increase in working capital during the first three months of 2003 was due to the recognition of approximately $66.5 million of receivables associated with our respective license agreements with Ericsson and Sony Ericsson, as described in greater detail under “Significant Transactions” above. Also, as previously described, we received $24.9 million from Ericsson and Sony Ericsson in second quarter 2003.

We are capable of supporting our operating requirements for the near future through cash and short-term investments on hand, as well as other internally generated funds, primarily from 2G patent licensing royalties. At present, we do not anticipate the need to seek any additional financing through either bank facilities or the sale of debt or equity securities.

As of March 31, 2003, we had net operating loss (NOL) carryforwards of approximately $137.6 million for which no deferred tax asset has been recorded. We expect that we will continue to pay source withholding taxes to non-

U.S. countries related to royalties, local and state income taxes, and alternative minimum taxes (AMT) when applicable. We do not expect to pay federal income tax (other than AMT) until these NOL's are fully utilized.

Property and equipment are currently being utilized in our on-going business activities, and we believe that no write-downs are required at this time due to lack of use or technological obsolescence. With respect to patent assets, we believe that the fair value of our patents is at least equal to the carrying value included in the March 31, 2003 balance sheet.

RESULTS OF OPERATIONS

First Quarter 2003 Compared to First Quarter 2002

Revenues

Revenues in first quarter 2003 increased 78% to $37.3 million from $20.9 million in first quarter 2002. The increase was due largely to the recognition of $24.7 million of royalties associated with new patent license agreements with Ericsson and Sony Ericsson. Included in the $24.7 million was $20.3 million of royalties from Sony Ericsson related to pre-2003 terminal sales. We also recognized current royalties in first quarter 2003 from Sony Ericsson and Ericsson of $2.9 million and $1.5 million, respectively. In first quarter 2002, we recognized approximately $7.9 million of royalty revenue associated with NEC's pre-2002 3G sales and $3.7 million of current 2G and 3G royalties. During first quarter 2003, our current royalties from NEC increased $1.2 million.

No revenue was recognized for specialized engineering services associated with the Company's WTDD technology development work for Nokia in first quarter 2003, $2.0 million was recognized related to these services in the comparable period of 2002. The final $1.0 million payment associated with the Nokia development agreement will be withheld until final delivery of the remaining technology required under the agreement has been made. We currently expect final delivery to occur in the second half of 2003 and will defer recognition of the final $1.0 million of specialized engineering services revenue associated with the agreement until that time.

Operating Expenses

Development expenses in first quarter 2003 decreased 4% to $11.4 million from $11.8 million in first quarter 2002. The decrease was primarily due to slightly lower consulting and personnel costs.

Sales and marketing expenses of $1.2 million in first quarter 2003 increased 11% from $1.1 million in last year's first quarter due to increased costs related to our participation in the annual 3GSM tradeshow.

General and administrative expenses for first quarter 2003 increased 11% to $4.1 million from $3.7 million in first quarter 2002 due primarily to higher directors' and officers' liability insurance costs.

Patents administration and licensing expenses increased 10% to $3.1 million in first quarter 2003 from $2.9 million in the comparable period of 2002 due primarily to higher patent amortization, resulting from an increase in the number of patents and related prosecution costs.

Other Income, Interest Income and Interest Expense

We recognized $10.6 million as other income in first quarter 2003 related to the settlement of our litigation with Ericsson.

Interest income of $0.5 million in first quarter 2003 decreased 19% from $0.6 million in last year's first quarter primarily due to lower yields available in 2003 as compared to 2002.

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Income Taxes

The income tax provision in both first quarter 2003 and 2002 consisted primarily of withholding taxes associated with patent licensing royalties, principally from Japan. Our tax expense decreased $0.2 million in first quarter 2003 to $1.7 million from $1.9 million in first quarter 2002, due in part to the level of royalty revenue not subject to non-US withholding tax.

Expected Trends

We expect our second quarter 2003 revenues to be largely dependent on royalties from the same licensee base as first quarter 2003. We also expect to expand our licensee base with new agreements during the remainder of 2003. However, our level of success and the timing of any such agreements are difficult to predict at present, given the impact of a variety of factors including the Severe Acute Respiratory Syndrome epidemic. Any successful resolution of our issues with Nokia and Samsung under their existing license agreements could have a material and favorable impact on our revenues and cash flows. We anticipate that our operating expenses will gradually increase in coming quarters as we move our WTDD development efforts toward creation of field trial demonstration products.

STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The foregoing Management's Discussion and Analysis contains forward-looking statements reflecting, among other things, the Company's beliefs and expectations as to (i) revenues, cash flow, operating expenses, and capital expenditures, and the timing thereof, (ii) our near term operating requirements and lack of need to seek additional financing, (iii) expanding our licensee base and the timing thereof, (iv) the timing of the final delivery of technology and the final payment under the Nokia development agreement; and (v) the impact of the license agreements with Ericsson and Sony Ericsson on defining the royalty obligations of Nokia and Samsung under their existing patent license agreements with us. Words such as "expect", "will", "may", "future", "anticipate", "believe", "should", "could", "due to receive" or similar expressions are intended to identify such forward-looking statements.

Although forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties. We caution readers that actual results and outcomes could differ materially from those expressed in or anticipated by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are only as of the date of this Form 10-Q. Each of the following factors as well as other information in this Form 10-Q should be considered in evaluating our business and prospects. For example, our revenues and cash flow are dependent on (i) the market share and performance of our licensees in selling their products, (ii) whether we are able to expand our customer, partner and licensing relationships, (iii) whether new licensees make pre-payments of royalties or existing licensees make past payments for royalties due, (iv) the timing of the completion of the Nokia technology development project and associated revenue recognition which could be affected by difficulties or delays in our development efforts and compliance of the deliverables under such project, (v) difficulties or delays in our other development efforts, (vi) whether we are successful in patent enforcement and prosecution activities, and (vii) the impact of the Severe Acute Respiratory Syndrome epidemic on our ability to engage in negotiations in Asia and elsewhere. Additionally, royalty payments to be made by licensees are affected by our ability to (i) resolve the Nokia and Samsung royalty rates on favorable terms or at all, (ii) our ability to extend the term of our patent license agreement with Sharp Corporation on favorable terms or at all, and (iii) licensee sales and the economy and sales trends in the wireless market.

Our expectations as to operating expenses and requirements, and as to our capital expenditures, are based on (i) our level of continued self funding (which in turn may be affected by our ability to enter into or expand strategic relationships), (ii) our expectation that we will develop WTDD field trial demonstration products, (iii) our ability to continually improve operational efficiencies and effectiveness on an organizational level, (iv) the accuracy of our estimate to complete the Nokia technology development project, as well as (v) those expectations identified in our most recent financial forecast, which could be revised based on new business or significant cash inflows not presently included in the most recent financial forecast.

Our failure to generate sufficient cash flows over the long term, based on the factors listed above and those set forth in our Annual Report on Form 10-K for the year ended December 31, 2002, could adversely impact operating requirements and our current lack of need to seek additional financing. Our cash flow may be affected by a delay in the anticipated receipt of payments from our licensees, including payments from Ericsson, Sony Ericsson, and NEC. While the Company believes that the Ericsson and Sony Ericsson license agreements establish the financial terms necessary to define the royalty obligations of Nokia and Samsung under their respective patent license agreements, any dispute, and the length and resolution of any dispute relating thereto, could affect the timing and amount of anticipated cash and revenue related to such patent license agreements.

Factors affecting one forward-looking statement may affect other forward-looking statements. We undertake no duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

There have been no material changes in quantitative and qualitative market risk from the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2002.

Item 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Within the 90-day period prior to the filing of this report (the "Evaluation Date"), the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, with the participation of our General Counsel and others, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in bringing to their attention on a timely basis material information relating to the Company and required to be in the Company's periodic SEC filings under the Securities Exchange Act of 1934, as amended.

(b) Changes in Internal Controls

There have been no significant changes in our internal controls or in other factors that could significantly affect our internal controls subsequent to the Evaluation Date.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Ericsson

As previously reported in our Annual Report on Form 10-K for the period ending December 31, 2002, and our Form 8-K dated March 17, 2003, on March 14, 2003, the Company, ITC and Ericsson Inc. entered into an agreement to settle their longstanding patent infringement lawsuit. In connection with the settlement, ITC entered into a worldwide, royalty-bearing license agreement with Telefonaktiebolaget LM Ericsson and Ericsson Inc. (together, Ericsson) for sales of terminal units and infrastructure products compliant with the following standards: TIA/EIA 54 / 13 6, GSM, GPRS, EDGE, PDC, PHS, and additionally with respect to covered terminal units only, all other TDMA standards. Under this license agreement, Ericsson agreed to make aggregate payments to ITC of approximately $14.0 million from Ericsson related to sales of terminal and infrastructure products through December 31, 2002, of which $1.8 million was received in April 2003. Consistent with the terms of the license agreement, the above amounts are net amounts after giving effect to applicable source withholding taxes paid on behalf of the Company by the licensees, but prior to consideration of U.S. Federal, state, and local taxes where applicable. Ericsson is also obligated to pay ITC an annual license fee of $6.0 million for sales of covered infrastructure equipment for each of the years 2003 through 2006. In connection with the settlement, the Company was also granted an option for a Reference Design License and Support Agreement for Ericsson's GSM/GPRS/UMTS Platform.

As part of the settlement of the litigation, the parties requested, and the Court signed, a Stipulation and Order of Dismissal dismissing the case with prejudice.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following is a list of Exhibits filed as part of this Quarterly Report on Form 10-Q:

Exhibits*

10.47	Indemnity Agreement dated as of March 19, 2003 by and between Company and Howard E. Goldberg (pursuant to Instruction 2 to Item 601 of Regulation S-K, the Indemnity Agreements, which are substantially identical in all material respects, except as to the parties thereto and the dates, between the Company and the following individuals, are not being filed: Lisa A. Alexander, D. Ridgely Bolgiano, Alain C. Briancon, Harry G. Campagna, Steven T. Clontz, Joseph S. Colson, Jr., Patrick J. Donahue, Richard J. Fagan, Howard E. Goldberg, Guy M. Hicks, Gary D. Isaacs, John D. Kaewell, Brian G. Kiernan, Mark A. Lemmo, Linda S. Lutkefedder, William J. Merritt, William C. Miller, Rebecca B. Opher, Robert S. Roath, Jane S. Schultz, Lawrence F. Shay, and Charles R. Tilden).
10.48	Patent License Agreement dated and effective January 1, 2003 between InterDigital Technology Corporation and Ericsson Inc. and Telefonaktiebolaget LM Ericsson.
10.49	Patent License Agreement dated and effective January 1, 2003 between InterDigital Technology Corporation and Sony Ericsson Mobile Communications AB.
99.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Howard E. Goldberg.
99.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Richard J. Fagan.

[*Portions of Exhibits 10.48 and 10.49 have been omitted pursuant to a request for confidential treatment]

(b) The following is a list of Current Reports filed on Form 8-K during first quarter 2003:

We filed a Current Report on Form 8-K dated January 16, 2003 under Item 5 – Other Events relating to the Company's announcement that on January 15, 2003, the United States District Court for the Northern District of Texas entered an order to set May 15, 2003 as the new date to begin the jury trial in the patent infringement lawsuit involving the Company, ITC and Ericsson. The trial had previously been set to begin on February 10, 2003.

We filed a Current Report on Form 8-K dated February 21, 2003 under Item 5 – Other Events relating to the Company's filing of certain contracts which the Company and/or ITC had entered into between May 8, 1995 and January 15, 2002. These certain contracts had previously been described in the Company's filings with the SEC.

We filed a Current Report on Form 8-K dated March 17, 2003 under Item 5 – Other Events relating to the Company's announcement on March 14, 2003, that ITC had entered into separate worldwide, royalty bearing license agreements with Ericsson and Sony Ericsson for sales of terminal units and infrastructure products compliant with the following standards: TIA/EIA 54 / 13 6, GSM, GPRS, EDGE, PDC, PHS, and additionally with respect to covered terminal units only, all other TDMA standards. The licensed products exclude any product compliant with 3G standards. The Company also announced that the long-standing patent infringement litigation with Ericsson has been settled and that the license agreements with Ericsson and Sony Ericsson establish the financial terms necessary to define the royalty obligations of Nokia and Samsung on 2G GSM/TDMA and 2.5G GSM/GPRS/TDMA products under their existing patent licensing agreements with ITC.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERDIGITAL COMMUNICATIONS CORPORATION

Date: May 15, 2003	/s/ HOWARD E. GOLDBERG
	Howard E. Goldberg **President and Chief Executive Officer**
Date: May 15, 2003	/s/ R. J. FAGAN
	Richard J. Fagan **Executive Vice President and Chief Financial Officer**

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CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER
OF
INTERDIGITAL COMMUNICATIONS CORPORATION

I, Howard E. Goldberg, President and Chief Executive Officer, InterDigital Communications Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of InterDigital Communications Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
   c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ HOWARD E. GOLDBERG

Howard E. Goldberg
President and Chief Executive Officer

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF
INTERDIGITAL COMMUNICATIONS CORPORATION**

I, Richard J. Fagan, Chief Financial Officer, InterDigital Communications Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of InterDigital Communications Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
   c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   a) All significant deficiencies in the design or operation of internal controls (a pre-existing term relating to internal controls regarding financial reporting) which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ R. J. FAGAN

Richard J. Fagan
Executive Vice President and
Chief Financial Officer

Exhibit 10.47

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of March 19, 2003, is made by and between InterDigital Communications Corporation, a Pennsylvania corporation (the "Company"), and HOWARD E. GOLDBERG (the "Indemnitee").

RECITALS

1. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors, officers or agents of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors, officers and other agents.

2. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors, officers and agents with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take.

3. Plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors, officers and other agents.

4. The Company believes that it is unfair for its directors, officers and agents and the directors, officers and agents of its subsidiaries to assume the risk of huge judgments and other expenses which may occur in cases in which the director, officer or agent received no personal profit and in cases where the director, officer or agent was not culpable.

5. The Company recognizes that the issues in controversy in litigation against a director, officer or agent of a corporation such as the Company or its subsidiaries are often related to the knowledge, motives and intent of such director, officer or agent, that he is usually the only witness with knowledge of the essential facts and exculpating circumstances regarding such matters, and that the long period of time which usually elapses before the trial or other disposition of such litigation often extends beyond the time that the director, officer or agent can reasonably recall such matters; and may extend beyond the normal time for retirement for such director, officer or agent with the result that he, after retirement or in the event of his death, his spouse, heirs, executors or administrators, may be faced with limited ability and undue hardship in maintaining an adequate defense, which may discourage such a director, officer or agent from serving in that position.

6. Based upon their experience as business managers, the Board of Directors of the Company (the "Board") has concluded that, to retain and attract talented and experienced individuals to serve as directors, officers and agents of the Company and its subsidiaries and to encourage such individuals to make the business decisions necessary for the success of the Company and its subsidiaries, it is necessary for the Company to contractually indemnify its directors, officers and agents and the directors, officers and agents of its subsidiaries, and to

___________Initials Initials____________

assume for itself maximum liability for expenses and damages in connection with claims against such directors, officers and agents in connection with their service to the Company and its subsidiaries, and has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its subsidiaries and the Company's shareholders.

7. Section 1746 ("Section 1746") of the Pennsylvania Business Corporation Law (the "PABCL"), under which the Company is organized, permits the Company to indemnify its representatives (such as directors, officers, employees and agents) by agreement and to indemnify persons who serve, at the request of the Company, as the representatives of other corporations or enterprises, and expressly provides that the indemnification provided by the PABCL is not exclusive.

8. The Company desires and has requested the Indemnitee to serve or continue to serve as a director, officer or agent of the Company and/or one or more subsidiaries of the Company free from undue concern for claims for damages arising out of or related to such services to the Company and/or one or more subsidiaries of the Company.

9. Indemnitee is willing to serve, or to continue to serve, the Company and/or one or more subsidiaries of the Company, provided that he is furnished the indemnity provided for herein.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

a. For the purposes of this Agreement, "agent" of the Company means any person who is or was a director, officer, employee or other representative of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company as a director, officer, employee or representative of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or was a director, officer, employee or representative of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or was a director, officer, employee or representative of another enterprise at the request of, for the convenience of, or to represent the interests of such predecessor corporation.

b. For the purposes of this Agreement, "expenses" include all out-of-pocket costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, punitive and other damages, judgments, fines, penalties, excise taxes assessed with respect to an employee benefit plan, and amounts paid or to be paid in settlement), actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement or PABCL or otherwise.

c. For the purposes of this Agreement, "proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, arbitrational, administrative, or investigative.

d. For the purposes of this Agreement, "subsidiary" means any corporation of which more than 10% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more of its other subsidiaries, or by one or more of its other subsidiaries.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company, so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as he tenders his resignation in writing; provided, however, that nothing contained in this Agreement is intended to create any right to continued employment by Indemnitee.

3. Liability Insurance.

a. The Company hereby covenants and agrees that, so long as the Indemnitee continues to serve as an agent of the Company and thereafter so long as the Indemnitee could be subject to any possible proceeding by reason of the fact that the Indemnitee was an agent of the Company, the Company, subject to
Section 3(c), shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") in reasonable amounts from established and reputable insurers.

b. In all policies of D&O Insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if the Indemnitee is a director; or of the Company's officers, if the Indemnitee is not a director of the Company but is an officer; or of the Company's employees, if the Indemnitee is not a director or officer but is a employee.

c. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company.

4. Mandatory Indemnification. Subject to Section 8 below, the Company shall indemnify the Indemnitee as follows:

a. To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding (including, without limitation, an action by or in the right of the Company) to which the Indemnitee was a party by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, at any time in the past, present or future, against all expenses relating to such proceeding;

b. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, at any time in the past, present or future, the Company shall indemnify the Indemnitee against any and all expenses and liabilities of any type whatsoever relating to such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful;

c. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, at any time in the past, present or future, the Company shall indemnify the Indemnitee against all expenses and liabilities related to such proceeding, provided the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification under this subsection 4(c) shall be made in respect to any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction unless and only to the extent that the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the court shall deem proper; and

d. If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, at any time in the past, present or future, and if prior to, during the pendency or after completion of such proceeding Indemnitee becomes deceased, the Company shall indemnify the Indemnitee's heirs, executors and administrators against any and all expenses and liabilities of any type whatsoever actually and reasonably incurred to the extent Indemnitee would have been entitled to indemnification pursuant to Sections 4(a), 4(b), or 4(c) above were Indemnitee still alive.

For purposes of this Section 4, the Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company so long as the act or failure to act of said Indemnitee is not finally adjudged by a court or other body of competent jurisdiction to have constituted willful misconduct or recklessness. For purposes of the preceding sentence, a finding by a court or other body of competent jurisdiction that an act or failure to act of the Indemnitee or some other agent of the Company constitutes "misconduct" or words of like import shall not, of itself, create a presumption that the Indemnitee has engaged in willful misconduct or recklessness under this Agreement, the Company's Articles of Incorporation, the Company's bylaws or under the PABCL.

For purposes of this Section 4, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever for which payment is actually made to or on behalf of Indemnitee and not subsequently contested or returned under a valid and collectible insurance policy of D&O Insurance, or a valid and enforceable indemnity clause, bylaw or agreement.

5. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever incurred by him related to a proceeding, but not entitled, however, to indemnification for the total amount of such expenses and liabilities, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion to which the Indemnitee is not entitled.

6. Mandatory Advancement of Expenses. Subject to Section 8(a) below, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, at any time in the past, present or future. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall be determined ultimately that the Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to the Indemnitee within twenty (20) days following delivery of a written request therefor by the Indemnitee to the Company, accompanied by evidence in reasonable detail of the expenses that the Indemnitee has incurred.

7. Notice and Other Indemnification Procedures.

a. Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement of any proceeding.

b. If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7(a) hereof, the Company has D&O insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

c. In the event the Company shall be obligated to pay the expenses of any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee (such approval not to be unreasonably withheld), upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding but the Indemnitee shall have the right to employ his own counsel in any such proceeding at the Indemnitee's expense. If the Company has assumed the defense of any proceeding and the Indemnitee reasonably concludes at any time thereafter that there might be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or if the Company shall not, in fact, have continuously employed counsel to assume the defense of such proceeding, then the Indemnitee shall have the right to retain his own counsel and the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

8. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

a. To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, unless (i) such indemnification or advancement is expressly required to be made by law, (ii) the proceeding was authorized by the Board,
(iii) such indemnification or advancement is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the PABCL or
(iv) the proceeding is brought to establish or enforce a right to indemnification or advancement under this Agreement or any other statute or law or otherwise as required under the PABCL;

b. To indemnify the Indemnitee for any liabilities or expenses incurred by the Indemnitee with respect to any proceeding instituted by the Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous;

c. To indemnify the Indemnitee under this Agreement for any amounts paid in settlement of a proceeding unless the Company consents to such settlement or the Company unreasonably withholds such consent;

d. To indemnify the Indemnitee under this Agreement for any expenses incurred on account of any act of failure to act of the Indemnitee which is finally adjudged by a court or other body of competent jurisdiction to have constituted willful misconduct or recklessness. For purposes of the preceding sentence, a finding by a court or other body of competent jurisdiction that an act or failure to act of the Indemnitee or some other agent of the Company constitutes "misconduct" or words of like import shall not, of itself, create a presumption that the Indemnitee has engaged in willful misconduct or recklessness under this Agreement, the Company's Articles of Incorporation, the Company's bylaws or under the PABCL;

e. To indemnify the Indemnitee under this Agreement if a court of competent jurisdiction finally adjudges that such indemnification is illegal, including, without

___________Initials Initials____________

limitation, by virtue of such indemnification being in violation of public policy or any provision of law.

9. Non-Exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Articles of Incorporation or Bylaws, the vote of the Company's shareholders or disinterested directors, other agreements, or otherwise, both as to action in his official capacity and to action in another capacity while occupying his position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

10. Enforcement. Any right to indemnification or advancement of expenses granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in any court of competent jurisdiction if (i) the claim for indemnification or advancement of expenses is denied, in whole or in part, or
(ii) no disposition of such claim is made within ninety (90) days of request therefor. Indemnitee, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under this Agreement (other than an action brought to enforce a claim for expenses pursuant to Section 6 hereof, provided that the required undertaking has been tendered to the Company) that Indemnitee is not entitled to indemnification because of the limitations set forth in Sections 4 and 8 hereof. Neither the failure of the Company (including its Board or its shareholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including its Board or its shareholders) that such indemnification is improper, shall be a defense to the action or create a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise.

11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

12. Survival of Rights.

a. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an agent of the Company and shall continue thereafter so long as Indemnitee could be subject to any possible proceeding by reason of the fact that Indemnitee was serving in the capacity referred to herein.

b. The Company shall require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

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13. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification and advancement of expenses to the Indemnitee to the fullest extent permitted by law including those circumstances in which indemnification and advancement of expenses would otherwise be discretionary.

14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 13 hereof.

15. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

17. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the Commonwealth of Pennsylvania as applied to contracts entered into and to be performed entirely within Pennsylvania.

18. Counterparts. This Agreement may be executed in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one instrument.

19. Gender; Number. Words of gender may be read as masculine, feminine or neuter, as required in context. Words of number may be read as singular or plural, as required by context.

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The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

INTERDIGITAL COMMUNICATIONS CORPORATION

Name: Lawrence F. Shay Title: Vice-President & General Counsel

Address of Company:

781 Third Avenue,
King of Prussia, PA 19406

INDEMNITEE:

Name: Howard E. Goldberg Title: President, CEO and Director

Exhibit 10.48

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND SEPARATELY FILED WITH THE COMMISSION

PATENT LICENSE AGREEMENT

BETWEEN

INTERDIGITAL TECHNOLOGY CORPORATION

and

ERICSSON INC. AND TELEFONAKTIEBOLAGET LM ERICSSON

Dated and Effective January 1, 2003

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PRIVILEGED AND CONFIDENTIAL

PATENT LICENSE AGREEMENT

THIS IS A PATENT LICENSE AGREEMENT (the "Agreement"), dated January 1, 2003, by and between InterDigital Technology Corporation ("ITC"), a Delaware corporation having a mailing address of [**], and Ericsson Inc., a Delaware corporation, having a mailing address of [**], and Telefonaktiebolaget LM Ericsson, a Swedish corporation, having a mailing address of [**], (individually and together, "Licensee").

BACKGROUND

ITC owns and has the right to license the ITC Patents (as defined below).

ITC, InterDigital and Ericsson Inc. are parties to a lawsuit (the "Lawsuit") concerning the validity of certain of the ITC Patents and the alleged infringement of those patents by Licensee's sales of Covered Products (as defined below).

The parties entered into a settlement of the Lawsuit in connection with the execution of this Agreement which provides, among other things, that ITC will grant Licensee and its Affiliates a non-exclusive, worldwide royalty-bearing license under the ITC Patents for Covered Products on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound, the parties agree as follows:

ARTICLE I

DEFINITIONS

"Affiliate" means a corporation or other legal entity of which more than fifty percent (50%) of the voting stock is owned or effective control is held, directly or indirectly, by Licensee or ITC, as the case may be. As used herein, "effective control" shall mean that Licensee, (i) while holding less than a majority of the voting stock or ownership of the entity, holds at or near the maximum amount of equity ownership permitted by law (unless a lesser amount is agreed to by ITC) and (ii) Licensee controls the operation and/or management of the entity by (a) a majority control of the Board of Directors or equivalent body, or (b) through substantial control of key technology. Such corporation or other entity shall be considered an Affiliate of Licensee or ITC, as the case may be, only so long as the requisite ownership of the voting stock or effective control exists. For the purposes of this Agreement, based on the corporate structures as of the Effective Date, (i) InterDigital shall not be considered an Affiliate of ITC, and (ii) Sony Ericsson Mobile Communications AB shall not be considered an Affiliate of Licensee.

"Acquired Business" has the meaning ascribed to it by Section 3.4 hereof.

"Acquisition Date" has the meaning ascribed to it by Section 3.4 hereof.

"CDMA2000" means a family of IMT-2000 standards, as amended from time to time, being developed by the 3GPP2, which standards evolved from narrow band CDMA technologies (e.g., TIA/EIA 95 and cdmaOne) and, include without limitation CDMA2000 1X, CDMA 1X EV-DO, CDMA-2000 1X EV-DV and CDMA2000 3X.

** Material has been omitted and filed separately with the Commission.

"Code Division Multiple Access" or "CDMA" means a method of digital spread spectrum technology wireless transmission that allows a large number of users to share access to a single radio channel by assigning unique code sequences to each user thus permitting multiple simultaneous radio transmissions on the same radio channel or frequencies.

"Combi-Units" means a Subscriber Unit that has substantial functionality unrelated to voice and data communications such as: (a) a computer, or a fully featured PDA, or (b) a handset-like device, but with one or more of the following integrated functionalities: (i) an enhanced display (more than 4,000 colors), (ii) some meaningful PIM (personal information management) functionality, (iii) enhanced multimedia capability which may include a camera and/or, an ability to do video and audio streaming (real player), and/or the ability to play music, (iv) memory stick or similar high function memory transfer device and/or (v) enhanced wireless non-infrared connectivity (such as 802.11, ILink, fire wire/IEEE1394). For example, the Sony Ericsson P-800 would be a Combi-Unit but a T68i would not since the T68i has an external camera, sold separately.

"Covered Infrastructure Units" means Infrastructure Units designed or adapted to operate in accordance with one or more of the Covered Standards.

"Covered Products" means Covered Terminal Units and Covered Infrastructure Units.

"Covered Standards" means the following recognized digital cellular standards or other digital cellular specifications for digital cellular TDMA-based communications systems describing the air interface between infrastructure equipment and terminal units: TIA/EIA 54/136, GSM, GPRS, EDGE, PDC, PHS, and with respect to Covered Terminal Units additionally all other TDMA standards, as amended or enhanced from time to time (including TDMA based 2.5G, TDMA based 2.75G, TDMA based 2.8G, etc., but not Third Generation (other than EDGE)); provided, that in no event shall "Covered Standards" be construed to include any Excluded Standard.

"Covered Terminal Units" means Subscriber Units and End-User Devices designed to operate in accordance with one or more Covered Standards. Covered Terminal Units excludes Multi-Mode Products.

"Dispute" means any dispute, claim, or controversy arising out of or relating to this Agreement.

"Dollar," "dollar" or "$" shall mean United States Dollar.

"EDGE" means the "Enhanced Data rates for GSM Evolution" standard, as amended from time to time.

"Effective Date" means January 1, 2003.

"End-User Devices" means fully integrated wireless communications devices (including software) designed for use by an end user in combination with another device but without significant further physical integration into such device being serviced by such integrated wireless communications device and providing complete wireless communication capability under the applicable Covered Standard. An example of an End-User Device is a PCMCIA card (which may include an antenna) for simple insertion (generally by the end user) into a laptop computer to provide wireless communication capability.

"Ericsson Family" means Ericsson Inc., Telefonaktiebolaget LM Ericsson, each of their Affiliates, and the corporations or other legal entities of which more than fifty percent (50%) of the voting stock is owned or control is held, directly or indirectly, by Ericsson Inc. or Telefonaktiebolaget LM Ericsson.

"Ericsson Mobile Platform" shall mean a substantial comprehensive design solution for a Covered Terminal Unit, which solution includes only software development tools, test environments, type approval support, reference designs, related software and firmware, and/or ASIC specifications. Such solutions may be sold or licensed to third parties for their production or inclusion in Covered Terminal Units.

"Ericsson Patents" means the following patents to the extent owned or controlled by Ericsson or any of their Affiliates all patents (including utility models and excluding design patents) issued and issuing on patent applications entitled to an effective filing date prior to January 1, 2006. The term "Ericsson Patents" shall also include any patent reissuing on any of the aforesaid patents or patent applications. For the avoidance of doubt, if Ericsson is acquired by or merged into a third party, the Ericsson Patents shall exclude any patents not owned or controlled by Ericsson immediately prior to such acquisition or merger.

"Excluded Standards" shall mean DECT, TETRA, CDMA-based 2G, CDMA-based 2.5G, CDMA-based 2.75G, CDMA-based 2.8G, etc. standards (including without limitation TIA/EIA95) and Third Generation (including without limitation WCDMA and CDMA2000) other than EDGE, and future standards (e.g., 4G), in each case as amended from time to time. For the avoidance of doubt, a product shall not be considered to operate in whole or in part in accordance with an Excluded Standard solely on the basis that such product supports a service or feature of an Excluded Standard (e.g. 384 kps on the downlink as specified in the Third Generation standard) if such product (i) operates in accordance with a Covered Standard, (ii) achieves the feature or service by operation in accordance with a Covered Standard and not by operation in accordance with the air interface protocol of an Excluded Standard, (iii) is not advertised, sold or substantially designed as a Third Generation Product and (iv) does not operate on a frequency spectrum that operates in accordance with an Excluded Standard.

"GPRS" means the standard developed for digital cellular networks (GSM, DCS, PCS) promulgated by the European Telecommunications Standards Institute, as amended from time to time, which utilizes a packet radio principle and can be used for carrying end users' packet data protocol (such as IP and X.25) information from/to GPRS terminals to/from other GPRS terminals and/or external packet data networks technology.

"GSM" means the compatibility standard developed for the 900 MHZ PanEuropean digital TDMA cellular mobile radio communication system, promulgated by the European Telecommunications Standards Institute, as amended from time to time, or the compatibility standard developed for PCS based on GSM but intended for use in the 850 MHZ, 1.8 GHz and 1.9 GHz bandwidths ("DCS 1800-1900"), as amended from time to time.

"InterDigital" means InterDigital Communications Corporation, having an office at 781 Third Avenue, King of Prussia, PA 19406.

"Infrastructure Units" shall mean wireless network equipment including but not limited to mobile switching centers, base station controllers, base stations, positioning node equipment and operation and maintenance equipment.

"ITC Patents" means the following to the extent owned or controlled by ITC, InterDigital or any of their Affiliates: all patents (including utility models and excluding design patents) issued and issuing on patent applications entitled to an effective filing date prior to January 1, 2007, if and for so long as ITC, InterDigital or any of their Affiliates now has or hereafter obtains the right to grant licenses to such patents or patent applications of (or within) the scope granted to Licensee herein without such grant or Licensee's exercise of rights thereunder resulting in the payment of royalties or other consideration by ITC or its Affiliates to any third party. The term "ITC Patents" shall also include any patent reissuing on any of the aforesaid patents or patent applications.

"Joint Venture" means Sony Ericsson Mobile Communications AB.

"Knock-Down Unit" means a substantially complete Covered Terminal Unit Sold to a third party in a partially or assembled form for final manufacturing, packaging, sale and distribution to meet the local manufacturing requirements of a particular country.

"Module" means a fully integrated wireless communications product, including required ASICS, software and/or firmware, that is designed to operate in accordance with an applicable Covered Standard and which is sold to a third party for physical integration into other devices such as handsets, vending machines, computers, laptop computers, sensing/telemetry applications, motor vehicles and fixed wireless telephone systems. An example of a Module is the GM-28 produced by Licensee.

"Multi-Mode Product" means a dual or Multi-Mode Terminal Unit operating in accordance with both one or more Covered Standards and one or more Excluded Standards (e.g., a handset with GSM and 3G capabilities).

"Payment" means monies for license fees, royalties and or other amounts owed to ITC pursuant to this Agreement.

"PDC" means the RCR STD 27 compatibility standard developed in Japan known as PDC or Personal Digital Cellular or Pan Asian Digital Cellular for TDMA digital wireless mobile radio communication systems, as amended from time to time.

"PHS" means the RCR STD 28 compatibility standard developed in Japan and known as the Personal Handyphone Standard, as amended from time to time.

"Sale," "Sell," and "Sold" refer to the first sale, lease or other disposition made by Licensee or a Licensee Affiliate on an arms-length basis to any party that is not an Affiliate of Licensee.

"Subscriber Unit" means a radiotelephone, or a device with radiotelephone capabilities (e.g. Personal Digital Assistant) whether fixed, mobile, transportable, vehicular, portable or hand-held (or a Module therefore). Subscriber Units shall include Modules, Combi-Units and Knock-Down Units.

"TDMA" means time division multiple access.

"Term" shall have the meaning ascribed to it by Article V of this Agreement.

"Terminal Unit" shall mean an End User Device or Subscriber Unit that may or may not operate in accordance with a Covered Standard.

"TETRA" means the standard for trunked radio systems promulgated by the European Telecommunications Standards Institute, as amended from time to time.

"Third Generation" means any TDMA- or CDMA-based digital cellular mobile radio telecommunication standards generally considered by the industry to be the "third generation", whether adopted by any recognized standardizing body or promoted by major telecommunications operators as de facto standards, but excluding any standard designated herein as a Covered Standard. Examples of current Third Generation standards under development, or related standardization efforts, are the International Telecommunications Union - Radio efforts under the label IMT-2000, the specifications being developed under the Third Generation Partnership Projects (3GPP and 3GPP2), and comparable or related standards adopted by ARIB, ETSI, TTA, TIA, T1P1, CWTS, as well as other recognized standards development organizations.

"TIA/EIA 54/136" means the Cellular Dual Mode Mobile Station-Base Station Compatibility Standards promulgated by the Electronics Industry Association and the Telecommunications Industry Association, as amended from time to time, and improved to include, among other things, a digital control channel, and formerly known as IS-54 and IS-136.

"TIA/EIA 95," formerly known as "IS-95," means the Mobile Station-Base Station Compatibility Standard for Dual-Mode Wideband Spread-Spectrum Cellular Systems, as administered by the Telecommunications Industry Association and as amended from time to time, including without limitation TIA/EIA 95A and TIA/EIA 95B.

"Transferee" has the meaning ascribed to it by Section 8.16(a) hereof.

"Transferred Business" has the meaning ascribed to it by Section 8.16(a) hereof.

"Unlicensed Sales" means sales of Covered Products without (or outside of the scope of) a license granted by ITC.

"Wideband CDMA" or "WCDMA" means a version of CDMA technology optimized for high speed packet-switched data and high-capacity circuit switched capabilities.

"Wideband" refers to a communications channel with a user data rate higher than a voice-grade channel; usually 64kpbs to 2mbps.

ARTICLE II

LICENSE GRANT

2.1. Grant. ITC hereby grants, and shall cause its Affiliates to grant, to Licensee and Licensee's Affiliates a perpetual, non-exclusive, worldwide, royalty-bearing license under the ITC Patents: (i) to design, use, lease, make, have made, import, sell, and otherwise transfer Covered Products, including the right to procure or produce components therefor, (ii) to practice a method or process involved in the manufacture thereof, and (iii) to practice any method or process involved in the use thereof.

2.2. Limitations on License Grant. The license granted hereunder excludes the right to grant sublicenses and, except as expressly set forth in this Agreement, the right to assign or otherwise transfer this Agreement or the license granted hereunder.

(a) The license granted hereunder shall not include, by implication or otherwise, any license for (i) any product other than Covered Products, (ii) any Multi-Mode Product, or (iii) any ASICs, software, reference designs, or other components except when used solely as a part and within the Covered Products sold by Licensee and its Affiliates or as spare parts and enhancements therefor.

(b) The license granted in this Agreement shall extend to the Affiliates of Licensee existing as of March 10, 2003. Licensee shall notify ITC of entities that become Licensee Affiliates who engage in the lease, manufacture, having made, sale or transfer of Covered Products during the Term, in each case within the calendar quarter following the event giving rise to the notice obligation. The provisions of Section 3.4 shall apply to entities that become Licensee Affiliates during the Term, and the provisions of Section 8.16 shall apply to entities that cease to be Licensee Affiliates during the Term to the extent relevant. Licensee represents that Attachment A to this Agreement lists all of Licensee's Affiliates as of the Effective Date and as of the execution date of this Agreement.

(c) Licensee hereby guarantees the full and prompt remittance of all Payments and other amounts owed to ITC by Licensee and all Licensee Affiliates pursuant to this Agreement, and each Licensee Affiliate's compliance with the terms and conditions of this Agreement (including without limitation the obligations imposed on such Affiliates by Sections 3.4 and 8.16 hereof).

(d) Only to the extent necessary to effectuate Licensee's or its Affiliates use of its "have made" rights granted under Section 2.1 hereto, Licensee or a Licensee Affiliate shall be authorized to grant sublicenses under this Agreement to third parties operating under such "have made" right. Such sublicense shall have the strictly limited purpose of effectuating that "have made" grant, shall not authorize any activity beyond the "have made" activity, shall be subject to the relevant terms of this Agreement, and shall not affect the consideration required hereunder (which shall remain the responsibility of Licensee and its Affiliates.)

(e) Licensee's or a Licensee Affiliate's Sale of any item of Covered Product shall not convey any licenses or other rights to Covered Products made by a third party for use in conjunction with Licensee's or the Licensee Affiliate's Covered Products or otherwise except as provided in Section 2.2(c).

ARTICLE III

PAYMENTS/PAYMENT TERMS

3.1. Prior Sales.

(a) In partial consideration for the Release set forth in Article IX, for past sales of Covered Products on or before December 31, 2001, Licensee shall compensate ITC as follows:

(i) a nonrefundable payment of [**] Dollars ($[**]), such amount to be payable as follows: [**].

(ii) Subject to the exercise by InterDigital of the option to enter into a Reference Design License and Support Agreement pursuant the Memorandum of Understanding between Ericsson Mobile Platforms and InterDigital dated March 10, 2003, [**] Dollars ($[**]) of value through the waiving of an Initial Fee, as further discussed in such Memorandum of Understanding. The parties acknowledge and agree that it shall not be considered a "failure of consideration" under this Agreement if InterDigital fails to achieve full value from the waiver contemplated by this Section 3.1(b)(ii) without regard to whether it exercises the option contemplated by the Memorandum of Understanding.

(b) In further consideration for the Release set forth in Article IX, for past sales of Covered Products during the year 2002, Licensee shall pay ITC, on or before [**], a nonrefundable payment of [**] Dollars ($[**]).

** Material has been omitted and filed separately with the Commission.

3.2. Covered Infrastructure Units License Fees. In consideration for the license granted herein with respect to Covered Infrastructure Units, Licensee shall pay to ITC the following non-refundable annual license fees:

	License Fee
2003.................................	$6,000,000
2004.................................	$6,000,000
2005.................................	$6,000,000
2006.................................	$6,000,000

Licensee shall pay the Six Million Dollar ($6,000,000) fee for 2003 on or

before [**]. For each of the calendar years 2004 through 2006, the Six Million Dollar ($6,000,000) license fee for each year shall be paid in [**].

Licensee's obligation to pay the license fees established by this Section 3.2 shall be absolute, and shall not be subject to reduction or offset for any reason, including without limitation the disposal by Licensee or any Licensee Affiliate of any portion of the business to which this Agreement relates. Unless this Agreement is sooner terminated, the license granted to Licensee under the ITC Patents with respect to Covered Infrastructure Units as set forth (and limited) under Article II shall be deemed fully paid up as of January 1, 2007 based on Licensee's remittance of all cash payments accruing under this Agreement.

3.3 Covered Terminal Unit Royalties.

(a) In the event Licensee or a Licensee Affiliate:

(i) acquires an entity, or a business or assets of an entity engaged or which becomes engaged in the manufacture, distribution or sale of Covered Terminal Units; or

(ii) otherwise engages in the manufacture, distribution or Sale of Covered Terminal Units;

then Licensee shall pay Royalties on each Sale of a Covered Terminal Unit in accordance with, and its Covered Terminal Units business shall be governed by, the provisions of Article III, Section 8.14 of that certain Terminal Unit License Agreement between ITC and Joint Venture of even date herewith (the "JV Agreement") in addition to the terms of this Agreement. In addition, the definitions in the JV Agreement applicable to Article III and Section 8.14 of the JV Agreement shall apply when applying those provisions in accordance with this Section 3.3(a).

3.4. New Affiliates/Acquired Businesses. The provisions of this Section 3.4 shall apply if, after the Effective Date, Licensee or any other Licensee Affiliate: (i) acquires or acquires effective control of a new Affiliate, or a business or assets of an entity that is not then-currently an Affiliate, involved in the manufacturing, distribution or sale of Covered Infrastructure Units; or (ii) forms a new Affiliate or enters into a new Affiliate with a third party, involved in the manufacture, distribution or sale of Covered Infrastructure Units, the effect of which is to increase Licensee's manufacture or sales capacity of Covered Infrastructure Units ((i) and (ii) each, respectively, an "Acquired Business").

(a) In such event, with respect to Sales from and after the date of acquisition "Acquisition Date," the Six Million Dollar ($6,000,000) annual license fee set forth in Section 3.2 (or the then effective annual license fee, if the annual fee had been increased pursuant to this Agreement) shall be increased according to [**].

** Material has been omitted and filed separately with the Commission.

(b) If, and to the extent, the Acquired Business, prior to the Acquisition Date, held a license granted by ITC, the Acquired Business' then-existing agreement shall continue to apply as to products or standards other than Covered Infrastructure Units and this Agreement shall apply as to Covered Infrastructure Units.

(c) If and to the extent the Acquired Business, prior to the Acquisition Date, made Unlicensed Sales of Covered Infrastructure Units, and Licensee or any Licensee Affiliate, [**].

(d) Any formation of an Affiliate as a result of restructuring of Licensee's or Licensee's Affiliate's businesses not involving third parties shall be exempt from any of the provisions of this Section 3.4.

3.5. Payment; Currency Conversion. Payments made pursuant to this Article III shall be made by wire transfer in Dollars to the following account or such other account as ITC may specify by written notice:

[**]

Dollar denominated sales shall be reported as transacted. Other currency denominated sales shall be reported based on the mathematical average foreign currency/$U.S. conversion rate applicable during the period over which sales are being reported, using the currency exchange rates given in the Wall Street Journal - Currency Trading, Exchange Rates section or other source as the parties may agree in writing or an exchange of writings.

3.6. Taxes. Licensee shall be responsible for all income, withholding taxes and other taxes associated with Payments imposed by any jurisdiction other than the United States and its political subdivisions, so long as ITC remains domiciled in the United States. All Payments paid under this Agreement shall be "grossed up" as required to meet Licensee's obligations under this Section 3.6 so that the net amount actually paid to ITC is equal to the Payments calculated in accordance with this Agreement. If any such tax is required by the relevant government, Licensee will furnish ITC with appropriate documentation evidencing the payment of such tax as assessed by the appropriate authority of such government.

3.7. Mutual Acknowledgements. Both parties acknowledge that:

(a) All Payments made pursuant to this Article III, Article VI and Article VIII shall be nonrefundable.

(b) The parties have agreed to the Payments specified in this Agreement as a matter of mutual convenience to the parties, regardless of which of the ITC Patents may be involved.

(c) In the event of a bankruptcy or similar insolvency proceeding filed by or against either Party: (i) Licensee's and Licensee's Affiliates' continued rights under the licenses granted herein would convey substantial financial and other benefits to Licensee, its Affiliates and their respective businesses and creditors such that the Payments accruing hereunder would constitute an Administrative Claim under 11 U.S.C. Sections 503(b) and 507 or comparable non-U.S. provision; (ii) this Agreement shall be deemed to be an executory contract under 11 U.S.C. Section 365 or comparable non-U.S. provision because, inter alia, there remain substantial mutual obligations to be performed by the parties hereto; and (iii) this Agreement shall not be assumable under 11 U.S.C. Section 365(c)(1) (or comparable non-U.S. provision) without ITC's consent.

** Material has been omitted and filed separately with the Commission.

(d) [**].

ARTICLE IV

PASS-THROUGH LICENSE

Provided that this Agreement is not terminated at the time of Sale, Licensee's and Licensee's Affiliates' customers will receive a pass-through license for any such Sale (including lease) and use of Covered Products, provided that such pass-through license shall not limit causes of action, claims or remedies ITC may have hereunder against Licensee or Licensee's Affiliates, for Licensee's or Licensee's Affiliates breach of this Agreement.

ARTICLE V

TERM/TERMINATION

5.1. Term. The Term of this Agreement shall be deemed to have commenced on January 1, 2003 and, unless earlier terminated in accordance with this Article V, shall terminate upon the expiration of the last-to-expire ITC Patent.

5.2. Termination for Default. This Agreement may be terminated by either party with written notice, following thirty (30) days written notice of material breach, provided, however, that in the case of a Dispute not involving failure to make payments under Sections 3.1(a)(i), 3.1(b) and 3.2 the provisions of Article VI will take precedence. Such termination will take effect at the end of the notice period if the other party is in material breach of any of its material obligations hereunder and fails to remedy the breach within the notice period. Without limiting the foregoing, Licensee shall be in material breach of this Agreement if (i) Licensee or any Licensee Affiliate fails to comply with its reporting and Payment obligations hereunder, (ii) Licensee, any Licensee Affiliate or any trustee in bankruptcy, receiver or other successor-in-interest to Licensee or any Licensee Affiliate attempts to recover any Payments previously made (including without limitation on the theory that such Payment was a preference under 11 U.S.C. Section 547 or otherwise), or (iii) Licensee or its successor-in-interest rejects this Agreement or fails, within sixty (60) days of the filing of any voluntary or involuntary petition in bankruptcy by or against Licensee under Section 365 of the U.S. Bankruptcy Code or any comparable non-U.S. provision, to assume this Agreement. In the event of the occurrence of (ii) or (iii), ITC shall be entitled to immediately terminate this Agreement without notice. In the event of termination of this Agreement by ITC, all Payments specified by Sections 3.1 and 3.2 of this Agreement and all other Payments accruing hereunder shall become immediately due and payable, and Licensee shall pay all such amounts in full within thirty (30) days of the effective date of ITC's notice of termination.

5.3. Other Termination Rights.

(a) If, during the Term, Licensee or one or more of its Affiliates institutes or actively participates as an adverse party in, or otherwise provides material support to, any legal action anywhere in the world, the purpose of which is to invalidate or limit the validity, scope or enforceability of any of the ITC Patent Claims which reads on Covered Standards, and fails within thirty (30) days of discovery or being notified of the same to terminate or cause the termination of such legal action or fails within sixty (60) days of discovery or being notified of the same to otherwise cure all of the adverse effects of Licensee's or the Licensee's Affiliate's activities as described above, ITC shall have the right to terminate this Agreement upon written notice without first having to pursue the Dispute resolution procedures set forth in Article VI. This Section 5.3 shall not prevent Licensee or its Affiliates from providing truthful

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testimony or documents pursuant to a court order; provided, that Licensee shall first provide ITC with notice of any request for such testimony or documents and of any such court order and opportunity to oppose the participation of Licensee or its Affiliates and/or seek confidential treatment for the same.

Notwithstanding the provisions above, ITC shall have no right to terminate this Agreement pursuant to this Section 5.3 with regard to any legal action initiated prior to the execution date of this Agreement in which Licensee or its Affiliates participated, directly or indirectly, provided, that, if such action is continuing, Licensee and its affiliates promptly withdraw from such proceeding, discontinue any direct or indirect participation therein, and provide reasonable assistance to ITC in dealing with any adverse material effects resulting from such, to the extent permitted by law. In no event shall anything in this Agreement be construed to impose liability on Licensee for any damages which may result from Licensee's participation in such legal actions prior to the execution date of this Agreement.

(b) This Agreement shall terminate automatically without action by either party if, pursuant to the U.S. Bankruptcy Code (or comparable non-U.S. law), Licensee as debtor-in-possession or any trustee in bankruptcy or other successor-in-interest to Licensee rejects this Agreement pursuant to 11 U.S.C.
Section 365 (or comparable non-U.S. law).

ARTICLE VI

DISPUTE RESOLUTION

6.1. Agreement to Dispute Resolution Procedures. Any Dispute shall be resolved in accordance with the procedures specified in this Article VI, which shall be the sole and exclusive procedures for the resolution of any such Disputes. Notwithstanding the foregoing, except as the parties may agree in writing, neither party shall be compelled to submit to negotiation, mediation or arbitration under this Article VI any dispute or other matter relating to Licensee's alleged infringement of ITC's Third Generation patents.

6.2. Good Faith Negotiations. In the event of any Dispute, the parties shall first attempt in good faith to resolve such Dispute promptly by negotiation between senior level representatives who have authority to settle the Dispute. Any party may give the other party written notice of any Dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and the response shall each include (a) a statement of the party's position and a general summary of arguments supporting that position, and (b) the name and title of the person(s) who will represent that party in the negotiations. Within 30 days after delivery of the notice of Dispute, the representatives of the parties shall meet in Washington, D.C., or some other mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. All reasonable requests for information made by one party to the other will be honored; however, no party is required to provide confidential, trade secret, proprietary, or privileged information excepting information that is required to be provided pursuant to this Agreement. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If a party refuses to negotiate as provided herein, then any other party may immediately initiate arbitration as provided in Article VI.

6.3. Mediation of Disputes. If any Dispute has not been resolved by negotiation as set out above within 90 days of delivery of the notice of Dispute, or if the parties failed to meet within 30 days of delivery of the notice of Dispute, the parties shall endeavor to settle the Dispute by good faith mediation. Upon the expiration of the negotiating period, any party may give written notice of mediation. The parties shall attempt to agree upon a qualified, neutral individual who shall serve as mediator. If the parties fail to agree upon a mediator within 15 days of delivery of the notice of mediation, the mediator will be appointed by the American Arbitration Association from its roster of neutral mediators. The mediation shall occur in Washington, D.C. within 30 days after appointment of a mediator, or at such other time and place as the parties may agree. Any Dispute which remains unresolved 60 days after appointment of a mediator shall be settled by arbitration in accordance with Section 6.4 of this agreement. If a party refuses to participate in the mediation process as provided herein, any other party may immediately initiate arbitration as provided in Section 6.4. The parties shall bear the cost of the mediation equally between them. Each party shall be responsible for its own attorneys' fees relating to the mediation. Other than with respect to its occurrence or the failure to occur, the mediation is in all respects confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. The mediator may not serve as an arbitrator in any subsequent arbitration proceedings concerning the Dispute.

6.4. Arbitration of Disputes. If any Dispute has not been resolved by the non-binding procedures set forth in Sections 6.2 and 6.3 within the time periods provided for therein, either party may submit the Dispute to arbitration administered by the American Arbitration Association ("AAA") under its then current ICDR International Arbitration Rules ("AAA International Rules"), and as set forth in this Article. The arbitration proceeding shall take place in London, UK, in English, before a panel of three (3) arbitrators, all of whom shall be admitted to practice law in at least one jurisdiction in the United States, and at least one of whom shall have substantial experience in the field of patent licenses. The arbitration shall be commenced and conducted as follows:

(a) Three arbitrators, appointed in accordance with the AAA International Rules, shall hear the Dispute. Any person who (or whose spouse) is or has been an employee, officer, director, partner, legal counsel, consultant to or agent of ITC, IDC or Licensee or any of their respective Affiliates shall be deemed to be partial and to have a conflict of interest and may not be appointed an arbitrator. Should an arbitrator die, resign, refuse to act, or become incapable of performing his or her functions as an arbitrator, the AAA may declare a vacancy on the Arbitral Tribunal. The vacancy shall be filled by the method by which that arbitrator was originally appointed.

(b) The parties shall request that the arbitrators conduct the arbitration proceeding in an expedited fashion in order to complete the proceeding within one (1) year of the date upon which the arbitration was initiated under the AAA Institutional Rules. The parties shall use their best efforts to cooperate with the arbitrators to complete the proceeding within such one (1) year period. However, the Arbitral Tribunal may extend this period for good cause shown.

(c) The arbitration proceedings shall be governed by this Agreement, the AAA International Rules, and by the procedural arbitration law of the site of the arbitration, and by the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The Arbitral Tribunal shall determine the matters at issue in the Dispute in accordance with the substantive law of the State of New York and U.S. Federal patent law, without regard to conflicts of law principles. The Arbitral Tribunal shall decide the issues submitted as arbitrators at law only and shall base its award, and any interim awards, upon the terms of this Agreement and U.S. Federal patent law and the laws of the State of New York. The Arbitral Tribunal is not empowered to and shall not act as amiable compositeur or ex aequo et bono.

(d) The Arbitral Tribunal shall take into account applicable principles of legal privilege and related protections, such as those involving the confidentiality of communications between a lawyer and a client and the work product of a lawyer, and no party or witness may be required to waive any privilege recognized at law. The Arbitral Tribunal shall issue orders as reasonably necessary to protect the confidentiality of proprietary information, trade secrets, and other sensitive information disclosed.

(e) Pursuant to a schedule to be established by the Arbitral Tribunal, the parties shall exchange those documents upon which the producing party may rely in support of any claim or defense. The parties may further exchange documents in response to written requests for disclosure of non-privileged documents directly relevant to the determination of the issues presented for determination by the Arbitral Tribunal. Any dispute regarding such requests for disclosure or the adequacy of any party's disclosures shall be determined by the Arbitral Tribunal consistent with the expedited nature of arbitration.

(f) Escrow. In the event of a Dispute, the party alleged to owe any amount due under this Agreement ("Depositor") shall deposit into an interest bearing account with a mutually agreed to independent escrow agent (appointed by the Arbitration Panel in the event of a failure to agree), an amount equal to
[**]percent ([**]%) of the amount in dispute. The party requesting an escrow ("Claimant") shall make a showing to the Arbitration Tribunal that there are facts to support the claimed amount. The deposit of any escrow monies shall be made within thirty (30) days from such date that the Arbitral Tribunal has declared that the Arbitration proceedings have commenced. Notwithstanding the above, any amounts payable under this Agreement which are not disputed shall be paid to the party to which they are owed and not escrowed pending resolution of the arbitration proceedings. The escrow agent shall be empowered to release any or all monies, including accrued interest, from the escrow account:

(i) to the Claimant only to the extent determined by a decision made by the Arbitral Tribunal, and

(ii) to the Depositor any amount remaining upon resolution of all of the Claimants' claims; or

(iii) as agreed to in writing and signed by each party.

The parties shall share the cost of the escrow agent equally.

(g) Awards. All awards shall be in writing and shall state the reasoning upon which the award rests. Any award shall be made and signed by at least a majority of the arbitrators. The Arbitral Tribunal is expressly empowered to grant any remedy or relief available under the law, including but not limited to specific performance of this contract or matters arising out of or in connection therewith and injunctive relief against the unlicensed sale of Covered Products. Judgment on the award may be entered in any court of competent jurisdiction. Any judgment or order of specific performance shall be enforceable, without opposition in any country. Both parties shall bear equally the cost of the arbitration (exclusive of legal fees and expenses, all of which each party shall bear separately). Any monetary award shall be payable in United States dollars, free of any tax or other deduction. Any determination of the arbitration shall be binding solely on the parties hereto. All Awards shall be paid within ten (10) days of such Award as to escrowed funds and within thirty
(30) days of such Award as to non-escrowed amounts.

(h) The failure or refusal of any party, having been given due notice thereof, to participate at any stage of the dispute resolution proceedings shall not prevent the proceedings from continuing, nor shall such failure or refusal impair the validity of the award or cause the award to be void or voidable, nor shall it be a basis for challenge of the validity or enforceability of the award or of the arbitration proceedings. If any party fails to fund the escrow or to timely pay an advance on fees and

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costs ordered by the Arbitral Tribunal or the AAA within thirty (30) days after the date set for such deposit, that party shall be deemed to be in default of the Arbitration. The Tribunal and/or the AAA shall then determine whether the funds on deposit for fees and costs are sufficient to satisfy the anticipated estimated expenses for the proceeding to continue on an expedited basis without the participation of the defaulting party. If so, the proceeding will continue without the participation of the defaulting party, and the Tribunal may enter an award on default. Prior to entering an award on default, the Tribunal shall require the non-defaulting party to produce such evidence and legal argument in support of its contentions as the Tribunal may deem appropriate. The Tribunal may receive such evidence and argument without the defaulting party's presence or participation. If the funds on deposit are deemed insufficient to satisfy the estimated costs of continuing as provided herein, the non-defaulting party may make all or part of the requested deposit in an amount sufficient to allow the proceeding to continue without the participation of the defaulting party. If the non-defaulting party chooses not to make the requested deposit, the Arbitral Tribunal may suspend or terminate the proceedings.

(i) Unless the parties agree otherwise, the parties, the arbitrator(s), and the AAA shall treat the dispute resolution proceedings provided for herein, any related disclosures, and the decisions of the Arbitral Tribunal, as confidential, except in connection with judicial proceedings ancillary to the dispute resolution proceedings, such as a judicial challenge to, or enforcement of, the arbitral award, and unless otherwise required by law.

6.5. Interim Measures from the Courts in Aid of Arbitration. At any time after submission of a written notice of a Dispute, any party may request a court of competent jurisdiction to grant interim measures of protection including without limitation temporary, preliminary, and injunctive relief: (a) to prevent the destruction of documents and other information or things related to the Dispute, or (b) to prevent the wasting or hiding of assets. Such injunctive relief shall be enforceable in any country and neither Licensee nor Licensee's Affiliates shall oppose such enforcement.

6.6. Mandatory Procedures. The parties agree that any Dispute arising under this Agreement shall be resolved solely by means of the procedures set forth in this article, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement. If either party fails to observe the procedures of this article, as may be modified by their written agreement, the other party may bring an action for specific performance of these procedures in any court of competent jurisdiction. In the event Licensee fails to comply with an Arbitral award, ITC shall be entitled (notwithstanding the other provisions of this Agreement) to petition any court of competent jurisdiction for temporary, preliminary and permanent injunctions against the exercise of the licenses granted by this Agreement. Such injunctive relief shall be enforceable in any country, and neither Licensee nor any Licensee Affiliate shall oppose such enforcement.

6.7. Performance to Continue. Licensee shall continue to perform its undisputed obligations under this Agreement pending final resolution of any Dispute arising out of or relating to this Agreement. Nothing in this article, including the requirements to mediate and arbitrate Disputes, shall relieve Licensee from its obligation to make undisputed Payments pursuant to Article III of this Agreement during the pendency of such proceedings, or delay ITC's right to terminate this Agreement in accordance with Section 5.2.

6.8. Statute of Limitations. The parties agree that all applicable statutes of limitation and time-based defenses (such as estoppel and laches) shall be tolled while the procedures set forth in this Article VI are pending. The parties shall cooperate in taking any actions necessary to achieve this result.

6.9. Relief From Stay. Licensee, in the event Licensee becomes the subject of a voluntary or involuntary petition in bankruptcy under the U.S. Bankruptcy Code or any other insolvency statute, or any foreign counterpart thereof, hereby consents to the applicable tribunal's grant of any ITC request of relief from any stays, automatic or otherwise, or other orders, laws or regulations that may limit ITC's rights to enforce the terms of this Agreement, including without limitation the right to terminate this Agreement pursuant to Article V of this Agreement for Licensee's breach. The parties agree that any Dispute under this Agreement would not be a core proceeding under 28 U.S.C. Section 157, because, inter alia, this Agreement was entered into prior to the commencement of any bankruptcy proceeding and not in contemplation thereof. Therefore, in the event a bankruptcy or similar insolvency proceeding is commenced by or against Licensee, Licensee will continue to support and use best efforts to ensure the arbitration of any Disputes arising under this Agreement as set forth herein.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

7.1. By ITC. ITC hereby represents and warrants that:

(a) ITC is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and has authority to enter into this Agreement and perform its obligations hereunder. This Agreement constitutes a valid and binding agreement of ITC enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation by ITC of the transactions contemplated hereby, nor compliance by ITC with any of the provisions hereof, will (i) constitute a violation of or default under any contract, instrument, commitment, agreement, understanding, arrangement, or restriction of any kind to which ITC is a party, or by which ITC may be bound, or (ii) violate any rule, regulation, law, statute, ordinance, judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to ITC.

(b) ITC has the right to license the ITC Patents. ITC represents that it has not, within the four (4) year period prior to the Effective Date, assigned, sold, or otherwise conveyed to any third party any patent or patent application. ITC makes no other representation or warranty with regard to the validity of the ITC Patents or Licensee's ability to design, develop, use, manufacture, have manufactured, market, distribute or sell Covered Products free of infringement of third party intellectual property rights. ITC shall have no obligation to maintain or prosecute ITC Patents.

(c) ITC shall not make any claim against Licensee or its Affiliates of inducement to infringe or contributory infringement relating to any product or component produced by third parties where the manufacture or sale of such product or component may include technology provided by Licensee, or may have otherwise been facilitated by Licensee or its Affiliates. Such agreement not to assert claims shall be (i) personal to Licensee and its Affiliates, (ii) extend to only Covered Products that, had they been manufactured by Licensee or its Affiliates, would have been covered under the license granted herein, (iii) not convey any license or any other rights to such third party, and (iv) not prejudice or affect any infringement claim that ITC may have against such third party.

(d) ITC shall not make any claim against Licensee or its Affiliates for (i) direct infringement of the ITC Patents relating to the Sale or license of software for the Ericsson Mobile Platform, or (ii) inducement, indirect or contributory infringement of the ITC patents as regards a third party's use of the Ericsson Mobile Platform, in each case where such Ericsson Mobile Platform is used by a third party to produce Covered Terminal Units that, had they been manufactured or Sold by Licensee or its Affiliates hereunder, would have been licensed under this Agreement. This covenant not to assert shall be personal to Licensee and its Affiliates and shall not convey a license, express or implied, or any other rights to such third party or prejudice or affect any infringement claim that ITC may have against any third parties.

7.2. By Licensee. Licensee hereby represents and warrants that:

(a) Telefonaktiebolaget LM Ericsson is a corporation duly organized, validly existing, and in good standing under the laws of Sweden and Ericsson Inc. is a corporation duly organized, validly existing, and in good standing under the laws of Delaware, U.S.A., and both have authority to enter into this Agreement and perform its obligations hereunder, and to cause its Affiliates to perform their respective obligations hereunder. This Agreement constitutes a valid and binding agreement of Licensee enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation by Licensee of the transactions contemplated hereby, nor compliance by Licensee with any of the provisions hereof, will (i) constitute a violation of or default under any contract, instrument, commitment, agreement, understanding, arrangement, or restriction of any kind to which Licensee is a party, or by which Licensee may be bound, or (ii) violate any rule, regulation, law, statute, ordinance, judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to Licensee.

(b) Neither Licensee nor any other entity in the Ericsson Family directly or indirectly controls or owns more than fifty percent (50%) of the voting stock of the Joint Venture or any affiliate of the Joint Venture.

(c) Telefonaktiebolaget LM Ericsson, effective October 1, 2001, transferred to the Joint Venture the Ericsson Family's Terminal Unit business.

(d) No entity owns or controls or is under common control with Telefonaktiebolaget LM Ericsson.

(e) Licensee shall not, and shall ensure that its Affiliates do not, assert Ericsson Patents against ITC, InterDigital or their affiliates for use, lease, design, manufacture, have manufactured, import, sell and otherwise transfer of non-voice-centric Covered Terminal Units such as PCMCIA cards, or Modules sold for physical integration into non-voice centric products. Such covenants to not assert shall be non-assignable, non-transferable and personal to ITC, InterDigital and their Affiliates and subject to the following conditions:

[**]	
[**]	[**]
[**]	[**]

** Material has been omitted and filed separately with the Commission.

7.3. By Both Parties.

(a) Each party will take any and all actions necessary to ensure that this Agreement becomes applicable to Acquired Businesses pursuant to Section 3.4 hereof and becomes applicable to Transferees pursuant to Section 8.16.

(b) Neither party shall present or submit this Agreement in whole or in part or any summary thereof, in any mediation, arbitration, or legal proceeding against the other party or its Affiliates relating to any product other than Covered Products.

7.4. Disclaimer. THE WARRANTIES AND REMEDIES SET FORTH IN THIS AGREEMENT CONSTITUTE THE ONLY WARRANTIES WITH RESPECT TO THIS AGREEMENT AND THE SUBJECT MATTER HEREOF, AND THEY ARE IN LIEU OF ALL OTHER WARRANTIES WRITTEN OR ORAL, STATUTORY, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE VIII

MISCELLANEOUS

8.1. Confidentiality. Unless otherwise required by law, court order or by the Court in connection with the Lawsuit, the parties shall maintain as strictly confidential this Agreement and any proprietary information disclosed under, or as a result of the negotiation or performance of, this Agreement, including without limitation the terms of this Agreement (including the exhibits hereto). Notwithstanding the foregoing, the parties agree that Licensee and ITC or InterDigital may (i) issue a press release regarding the execution of this Agreement, such press release to be reviewed and approved in advance by the other party, such approval not to be unreasonably withheld or delayed and (ii) respond to any questions relating to confidential aspects of this Agreement in a manner agreed upon by the Parties. For the avoidance of doubt, the forecasts and reports Licensee submits pursuant to Article III of this Agreement shall be deemed the proprietary information of Licensee. Notwithstanding the foregoing, the parties agree that Licensee and ITC or InterDigital may (i) disclose the contents or the principal terms of this Agreement in confidence to other licensees only to the extent required by most favored licensee clauses and to satisfy SEC, NASDAQ, London Exchange, Stockholm Stock Exchange or other statutory, regulatory or administrative requirements, or to comply with a court order, or in mediation or arbitration between the parties pursuant to Article VI herein, and (ii) disclose any other information necessary to satisfy SEC, NASDAQ, London Exchange, Stockholm Stock Exchange or other statutory, regulatory or administrative requirements, to comply with a court order, or in mediation or arbitration between the parties. Disclosures pursuant to subsection (ii) of this Section 8.1 shall be subject to the other party's advance review and comment, which comments shall not be unreasonably withheld or delayed.

8.2. Licensee Identification on Covered Terminal Units. If Licensee begins marking Covered Terminal Units for other patent holders, Licensee shall, and shall cause its Affiliates to, affix on all products, packaging or instructions (or if practicable, the product itself) a label indicating that the products are manufactured or sold under license from ITC. ITC may designate certain ITC Patents for inclusion on such label.

8.3. Headings. The headings of the several Articles and Sections are inserted for convenience of reference only and are not intended to be part of or affect the meaning or interpretation of this Agreement.

8.4. Audit. Licensee shall (and shall cause its Affiliates to) keep books and records adequate to accurately determine the Payments under this Agreement, and retain such books and records for at least three (3) years after the delivery of the Royalty report to which they relate. ITC shall have the right, no more than once per calendar year, to have an independent certified public accountant inspect all relevant books and records of Licensee and its Affiliates on thirty (30) days' prior notice and during regular business hours to verify the reports and Payments required to be made hereunder. Such independent certified public accountant shall be selected by ITC and approved by Licensee. Licensee shall respond to ITC's selection of the auditor within ten (10) days and its approval shall not be unreasonably withheld. The auditor shall enter into an appropriate nondisclosure agreement with Licensee, and shall disclose no more information than is reasonably necessary to determine the Payments owed hereunder. Should an underpayment in excess of [**] percent ([**]%) be discovered, Licensee shall pay the cost of the audit. In any event, Licensee shall promptly pay any underpayment together with interest at the compounded annual rate of [**] percent ([**]%) from the due date. All information obtained through such audit shall be deemed Licensee proprietary information pursuant to Section 8.1 of this Agreement.

8.5. Governing Law/Venue. The validity and interpretation of this Agreement shall be governed by New York law, without regard to conflict of laws principles. The parties further irrevocably consent to exclusive jurisdiction of the state and federal courts in the State of New York for the purposes of enforcement of any final award granted by the Arbitral Tribunal. Such enforcement shall be governed by the laws of the State of New York.

8.6. Entire Agreement/Amendment.

To the extent Licensee is licensed under another patent license agreement with ITC under standards or covering products that differ from the Covered Standards or Covered Terminal Units, the other patent license agreement shall remain in full force and effect as to those differing standards and/or products. To the extent Licensee was licensed under another patent license agreement with ITC prior to the Effective Date for the Sale of Covered Terminal Units, the terms of that prior agreement shall continue to apply up to but not including the Effective Date. Otherwise, this Agreement and, to the extent referenced herein the Patent License Agreement between ITC and the Joint Venture effective January 1, 2003, contain the complete and final agreement between the parties, and supersedes all previous understandings, relating to the subject matter hereof whether oral or written. This Agreement may only be modified by a written agreement signed by duly authorized representatives of the parties.

8.7. Acquisition of Licensee. Notwithstanding the provisions of Section 8.16(a) of this Agreement, if Telefonaktiebolaget LM Ericsson is acquired by (i) merger, consolidation or another business combination, or (ii) the sale of more than 50% of its capital stock, all payments required under Sections 3.1(a)(i), 3.1(b) and 3.2 of this Agreement shall become immediately due and payable, and Licensee shall pay all such amounts in full on or before the effective date of the transfer. Conditioned on payment in full of the payments required in 3.1(a)(i), 3.1(b) and 3.2 of this Agreement on or before the effective date of the transfer, this Agreement shall extend to (i) Sales of Covered Terminal Units to the extent provided under and in accordance with the provisions of Section 3.3 and (ii) Sales of Covered Infrastructure up to an amount reflecting [**].

8.8. Affiliate Performance. Each party shall be responsible for all actions required of its Affiliates hereunder and shall be liable to the other party for any adverse action or failure to perform by such party's Affiliates hereunder.

8.9. Waivers. No waiver of any right, term or condition under this Agreement shall be deemed effective unless in writing and signed by the party charged with such waiver, and no waiver shall operate

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as a waiver of any future such right, term or condition or any other right, term or condition arising under this Agreement.

8.10. Survival. All representations, acknowledgements, obligations, responsibilities, terms or conditions involving performance subsequent to the expiration or termination, repeal or rejection of this Agreement, or which cannot be determined to have been fully performed until after such time, or which by their nature are intended to survive shall be deemed to survive. Without limitation, all payment obligations and acknowledgements herein and the representations and warranties contained in Article VII hereof are intended to survive and shall survive any such expiration or termination, repeal or rejection.

8.11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

8.12. No Set Off. Licensee agrees and acknowledges that it has no right to, and shall not, attempt to set off amounts claimed to be owed based on any claim that it has or may have in the future against InterDigital, ITC, or any of their respective affiliates, except as specifically agreed to in writing by ITC, against amounts owed hereunder.

8.13. Licensee Rights. Nothing in this Agreement shall be construed as limiting the rights or granting rights pursuant to which the Licensee has outside the scope of the license granted hereunder, or restricting or granting the right of Licensee or any of its Affiliates to make, have made, use, lease, Sell or otherwise dispose of any particular product or products not herein licensed.

8.14. Notices. Any report, notice or other communication required or permitted to be made or given to either party hereto pursuant to this Agreement shall be sent to such party by registered airmail (except that registered or certified mail may be used where delivery is in the same country as mailing), postage prepaid, addressed to the respective party at its address as set forth below, or to such other address as it shall designate by written notice given to the other party, and shall be deemed to have been made, given or provided on the date of receipt. The addresses:

(a) For ITC:

InterDigital Technology Corporation
[**]
Attention: President

(b) For Licensee:

Ericsson Inc.
[**]
Attention: Office of the General Counsel

Telefonaktiebolaget LM Ericsson
[**]
Attention: General Counsel

8.15. Limitation. Nothing in this Agreement shall be construed as: (a) an agreement to bring or prosecute actions against third party infringers of the ITC Patents; (b) conferring any license or right

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under any patent other than the ITC Patents; or (c) conferring any right to use the ITC Patents outside the field of use defined by the license grant of this Agreement.

8.16. Personal Agreement. This Agreement is personal to Licensee and, except as provided for in this Section 8.16 or as ITC consents in writing in its sole discretion, may not be assigned or transferred, nor may any license granted hereunder be assigned or transferred, whether by operation of law or otherwise, and any attempt to make any such assignment or transfer shall be null and void. Without limitation, the provisions of this Section 8.16 shall apply to the sale or other transfer by Licensee or any Licensee Affiliate to an unaffiliated third party any part of the business or substantial assets involved in the manufacture, distribution or sale of Covered Terminal Units.

(a) If Licensee or any Licensee Affiliate sells or otherwise transfers to an unaffiliated third party (a "Transferee") or any Affiliate, any part of the business or substantial assets, or control over any of the foregoing, involved in the manufacture, distribution or sale of Covered Infrastructure Units (Transferred Business): all amounts specified by Sections 3.1(a)(i), 3.1(b) and 3.2 (and any increases thereto according to Section 3.4 herein) of this Agreement and all other Payments accruing hereunder shall continue to be the responsibility and obligation of Licensee under the terms of this Agreement, provided that at Licensee's reasonable request ITC shall accept payment of some or all of the Payments from Transferee, the Transferee's license pursuant to this Section 8.16(a) shall extend to:

(i) Sales of Covered Terminal Units to the extent provided under and in accordance with the provisions of Section 3.3, and

(ii) Sales of Covered Infrastructure Units up to an amount reflecting [**].

(b) Notwithstanding the aforesaid, the Transferee shall have the option of notifying ITC within one hundred and eighty (180) days from the date of such transfer of its intent to terminate this Agreement as it applies to the Covered Infrastructure business conveyed to the Transferee, in which event it will so terminate as to the Transferee only.

8.17. Counterparts. This Agreement may be executed in counterparts, which taken together, shall constitute one Agreement and each party hereto may execute this Agreement by signing such counterpart, provided that no party shall be bound hereby until it has been executed and delivered by all parties hereto. A facsimile signature of either party to this Agreement, or any amendment of this Agreement, shall be deemed an original signature of such party and shall manifest such party's intention to be bound by this Agreement or such amendment.

8.18. Limitation of Liability. IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, A WARRANTY, TORT LIABILITY (INCLUDING NEGLIGENCE) OR OTHERWISE SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF REVENUES OR LOSS OF CAPITAL.

ARTICLE IX

RELEASE

ITC on behalf of itself and InterDigital, on behalf of themselves and their respective Affiliates, as of the Effective Date of this Agreement, hereby irrevocably (except for Termination due to failure to remit payments (required under 3.1(a)(i), 3.1(b) and 3.2) releases Licensee, its Affiliates, and their respective customers, including any customers in the chain of possession of any Covered Products from

** Material has been omitted and filed separately with the Commission.

any and all claims from infringement of ITC Patents (including method claims), which claims have been made, or which might be made at any time, with respect to any Covered Products or components used therein, manufactured, used, leased, Sold or otherwise transferred by or for Licensee or its Affiliates before the Effective Date of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives.

INTERDIGITAL TECHNOLOGY CORPORATION

By: --------------------------------

Name: --------------------------------

Title: --------------------------------

Date: --------------------------------

TELEFONAKTIEBOLAGET LM ERICSSON

By: -------------------------------

Name: -------------------------------

Title: -------------------------------

Date: -------------------------------

By: -------------------------------

Name: -------------------------------

Title: -------------------------------

Date: -------------------------------

ERICSSON INC.

By: -------------------------------

Name: -------------------------------

Title: -------------------------------

Date: -------------------------------

ATTACHMENT A

LIST OF AFFILIATES

[**]

** Material, consisting of six pages, has been omitted and filed separately with the Commission.

Exhibit 10.49

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND SEPARATELY FILED WITH THE COMMISSION

PATENT LICENSE AGREEMENT

BETWEEN

INTERDIGITAL TECHNOLOGY CORPORATION

and

SONY ERICSSON MOBILE COMMUNICATIONS AB

Dated and Effective January 1, 2003

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(continued)

PATENT LICENSE AGREEMENT

THIS IS A PATENT LICENSE AGREEMENT (the "Agreement"), dated January 1, 2003, by and between InterDigital Technology Corporation ("ITC"), a Delaware corporation having a mailing address of [**], and Sony Ericsson Mobile Communications AB ("Licensee"), a corporation formed under the laws of Sweden and having a mailing address of [**].

BACKGROUND

ITC owns and has the right to license the ITC Patents (as defined below).

ITC, InterDigital and Ericsson Inc. are parties to a lawsuit concerning the validity of certain of the ITC Patents and the alleged infringement of those patents by Ericsson's sales of Covered Terminal Units and Infrastructure Units (as defined below).

Ericsson Inc., Telefonaktiebolaget LM Ericsson and their affiliates transferred their Covered Terminal Unit business to Licensee effective October 1, 2001.

ITC, InterDigital and Ericsson Inc. entered into a settlement of the lawsuit in connection with the execution of this Agreement which provides, among other things, that ITC will grant Licensee a non-exclusive, worldwide royalty-bearing license under the ITC Patents (as defined below) for Covered Terminal Units on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound, the parties agree as follows:

ARTICLE I
DEFINITIONS

"Affiliate" means a corporation or other legal entity of which more than fifty percent (50%) of the voting stock is owned or effective control is held, directly or indirectly, by Licensee or ITC, as the case may be. As used herein, "effective control" shall mean that Licensee, (i) while holding less than a majority of the voting stock or ownership of the entity, holds at or near the maximum amount of equity ownership permitted by law (unless a lesser amount is agreed to by ITC) and (ii) Licensee controls the operation and/or management of the entity by (a) a majority control of the Board of Directors or equivalent body, or (b) through substantial control of key technology. Such corporation or other entity shall be considered an Affiliate of Licensee or ITC, as the case may be, only so long as the requisite ownership of the voting stock or effective control exists. For the purposes of this Agreement, based on the corporate structures as of the Effective Date, (i) InterDigital shall not be considered an Affiliate of ITC, and (ii) Sony Corporation shall not be considered an Affiliate of Licensee.

"Acquired Business" has the meaning ascribed to it by Section 3.6 hereof.

"Acquisition Date" has the meaning ascribed to it by Section 3.6 hereof.

"CDMA2000" means a family of IMT-2000 standards, as amended from time to time, being developed by the 3GPP2, which standards evolved from narrow band CDMA technologies (e.g., TIA/EIA

** Material has been omitted and filed separately with the Commission.

95 and cdmaOne) and, include without limitation CDMA2000 1X, CDMA 1X EV-DO,
CDMA-2000 1X EV-DV and CDMA2000 3X.

"Code Division Multiple Access" or "CDMA" means a method of digital spread spectrum technology wireless transmission that allows a large number of users to share access to a single radio channel by assigning unique code sequences to each user thus permitting multiple simultaneous radio transmissions on the same radio channel or frequencies.

"Combi-Units" means a Subscriber Unit that has substantial functionality unrelated to voice and data communications such as: (a) a computer, or a fully featured PDA, or (b) a handset-like device, but with one or more of the following integrated functionalities: (i) an enhanced display (more than 4,000 colors), (ii) some meaningful PIM (personal information management) functionality, (iii) enhanced multimedia capability which may include a camera and/or an ability to do video and audio streaming (real player), and/or the ability to play music, (iv) memory stick or similar high function memory transfer device and/or (v) enhanced wireless non-infrared connectivity (such as 802.11, ILink, fire wire/IEEE1394). [**]

"Covered Standards" means the following recognized digital cellular standards or other digital cellular specifications for digital cellular TDMA-based communications systems describing the air interface between infrastructure equipment and terminal units: TIA/EIA 54/136, GSM, GPRS, EDGE, PDC, PHS, and with respect to Covered Terminal Units additionally all other TDMA standards, as amended or enhanced from time to time (including TDMA based 2.5G, TDMA based 2.75G, TDMA based 2.8G, etc., but not Third Generation (other than EDGE)); provided, that in no event shall "Covered Standards" be construed to include any Excluded Standard..

"Covered Terminal Units" means Subscriber Units and End-User Devices designed to operate in accordance with one or more Covered Standards. Covered Terminal Units excludes Multi-Mode Products.

"Deemed Price," with respect to:

(a) any Covered Terminal Unit, (other than a Combi-Unit or Module) shall mean the Net Selling Price (as defined below) of such Covered Terminal Unit.

(b) a Combi-Unit, shall mean the lesser of (i) the Net Selling Price of the Combi-Unit or (ii) the average Net Selling Price of Covered Terminal Units (excluding Combi-Units and Modules) using the same technological standard as the Combi-Unit at issue (for example, GSM, GSM/GPRS, GSM/GPRS/EDGE).

(c) a Module, shall mean (i) in the case of Modules Sold for use in Covered Terminal Units, (e.g., personal digital assistants and handsets), the greater of (a) the Net Selling Price of the Module; or (b) the average Net Selling Price of Covered Terminal Units (excluding Combi-Units and Modules) for the period for which Royalties are being reported; and (ii) in the case of a Module Sold for other uses, for example, for point-of-purchase machines or vehicles (when integrated into the vehicle), the Net Selling Price of the Module.

"Dispute" means any dispute, claim, or controversy arising out of or relating to this Agreement.

** Material has been omitted and filed separately with the Commission.

"Dollar," "dollar" or "$" shall mean United States Dollar.

"EDGE" means the "Enhanced Data rates for GSM Evolution" standard as amended from time to time.

"Effective Date" means January 1, 2003.

"End-User Devices" means fully integrated baseband/RF wireless communications devices designed for use by an end user in combination with another device but without significant further physical integration into such device being serviced by such integrated modem/baseband/RF wireless communications device and providing complete wireless communication capability under the applicable Covered Standard. An example of an End-User Device is a PCMCIA card (which may include an antenna) for simple insertion (generally by the end user) into a laptop computer to provide wireless communication capability.

"Ericsson Family" means Ericsson Inc., Telefonaktiebolaget LM Ericsson, each of their Affiliates, and the corporations or other legal entities of which more than fifty percent (50%) of the voting stock is owned or control is held, directly or indirectly, by Ericsson Inc. or Telefonaktiebolaget LM Ericsson.

"Excluded Standards" shall mean CDMA-based 2G, CDMA-based 2.5G, CDMA-based 2.75G, CDMA-based 2.8G, etc., digital cellular standards (including without limitation TIA/EIA95), Third Generation digital cellular standards (including without limitation WCDMA and CDMA2000) other than EDGE, in each case as amended from time to time and future standards (e.g., 4G). For the avoidance of doubt, a product shall not be considered to operate in whole or in part in accordance with an Excluded Standard solely on the basis that such product supports a service or feature of an Excluded Standard (e.g. 384 kps on the downlink as specified in the Third Generation standard) if such product (i) operates in accordance with a Covered Standard, (ii) achieves the feature or service by operation in accordance with a Covered Standard and not by operation in accordance with the air interface protocol of an Excluded Standard, (iii) is not advertised, sold or substantially designed as a Third Generation Product and
(iv) does not operate on a frequency spectrum that operates in accordance with an Excluded Standard.

"GPRS" means the standard developed for digital cellular networks (GSM, DCS, PCS) promulgated by the European Telecommunications Standards Institute, as amended from time to time, which utilizes a packet radio principle and can be used for carrying end users' packet data protocol (such as IP and X.25) information from/to GPRS terminals to/from other GPRS terminals and/or external packet data networks technology.

"GSM" means the compatibility standard developed for the 900 MHZ PanEuropean digital TDMA cellular mobile radio communication system, promulgated by the European Telecommunications Standards Institute, as amended from time to time, or the compatibility standard developed for PCS based on GSM but intended for use in the 850 MHZ, 1.8 GHz and 1.9 GHz bandwidths ("DCS 1800-1900"), as amended from time to time.

"InterDigital" means InterDigital Communications Corporation, having an office at 781 Third Avenue, King of Prussia, PA 19406.

"Infrastructure Unit" shall mean wireless network equipment including but not limited to mobile switching centers, base station controllers, base stations, positioning node equipment and operation and maintenance equipment.

"ITC Patents" means the following to the extent owned or controlled by ITC, InterDigital or any of their Affiliates: all patents (including utility models and excluding design patents) issued and issuing on patent applications entitled to an effective filing date prior to January 1, 2007, if ITC, InterDigital or any of their Affiliates now has or hereafter obtains the right to grant licenses to such patents or patent applications of (or within) the scope granted to Licensee herein without such grant or Licensee's exercise of rights thereunder resulting in the payment of royalties or other consideration by ITC or its Affiliates to any third party. The term "ITC Patents" shall also include any patent reissuing on any of the aforesaid patents or patent applications.

"Knock-Down Unit" means a substantially complete Covered Terminal Unit Sold to a third party in a partially or assembled form for final manufacturing, packaging, sale and distribution to meet the local manufacturing requirements of a particular country. Knock-Down Unit shall be treated as a Module for purposes of determining Deemed Price.

"Module" means a fully integrated wireless communications product, including required ASICS, software and/or firmware, that is designed to operate in accordance with an applicable Covered Standard and which is sold to a third party for physical integration into other devices such as handsets, vending machines, computers, laptop computers, sensing/telemetry applications, motor vehicles and fixed wireless telephone systems. An example of a Module is the Gm28 produced by Licensee.

"Multi Mode Product" means a dual or multi mode Terminal Unit operating in accordance with both one or more Covered Standards and one or more Excluded Standards (e.g., a handset with GSM and 3G capabilities).

"Net Selling Price" means the amount actually invoiced to the customer for a Covered Terminal Unit package (including Covered Terminal Unit, battery, charger and included standard accessories), excluding the amounts shown on the invoice for the actual cost of packing, insurance, shipping and handling, applicable import, export and excise duties and sales tax (including VAT added by Licensee to the completed Covered Terminal Unit), and reduced by, returns, price protection credits, and trade discounts given to the customer in the normal course of business. To the extent that Covered Terminal Units are Sold with non-standard accessories, the Net Selling Price for such Covered Terminal Units shall be the average amount actually invoiced to customers for the same Covered Terminal Unit Sold during the same period with only standard accessories, as adjusted for the costs and reductions set forth above.

"Payment" means monies for license fees, royalties and other amounts owed to ITC pursuant to this Agreement.

"PDC" means the RCR STD 27 compatibility standard developed in Japan known as PDC or Personal Digital Cellular or Pan Asian Digital Cellular for TDMA digital wireless mobile radio communication systems, as amended from time to time.

"PHS" means the RCR STD 28 compatibility standard developed in Japan and known as the Personal Handyphone Standard, as amended from time to time.

"Restricted Patent Claims" means an ITC Patent claim with a priority date after March 1, 2003 that is not related principally to operations, processes or functionality of a Covered Standard but which has broader applicability to communications technologies. [**] For the avoidance of doubt, a Restricted

** Material has been omitted and filed separately with the Commission.

Patent Claim shall in no event include an ITC Patent claim that is technically or commercially essential to a Covered Standard.

"Royalty" shall have the meaning ascribed to it by Section 3.2 of this Agreement.

"Sale," "Sell," and "Sold" refer to the first sale, lease or other disposition made by Licensee or a Licensee Affiliate on an arms-length basis to any party that is not an Affiliate of Licensee.

"Subscriber Unit" means a radiotelephone, or a device with radiotelephone capabilities (e.g. Personal Digital Assistant) whether fixed, mobile, transportable, vehicular, portable or hand-held (or a Module therefore). Subscriber Units shall include Modules, Combi-Units and Knock-Down Units.

"TDMA" means time division multiple access.

"Term" shall have the meaning ascribed to it by Article V of this Agreement.

"Terminal Unit" shall mean an End User Device or Subscriber Unit that may or may not operate in accordance with a Covered Standard.

"Third Generation" means any TDMA- or CDMA-based digital cellular mobile radio telecommunication standards generally considered by the industry to be the third generation, whether adopted by any recognized standardizing body or promoted by major telecommunications operators as de facto standards, but excluding any standard designated herein as a Covered Standard. Examples of current Third Generation standards under development, or related standardization efforts, are the International Telecommunications Union - Radio efforts under the label IMT-2000, the specifications being developed under the Third Generation Partnership Projects (3GPP and 3GPP2), and comparable or related standards adopted by ARIB, ETSI, TTA, TIA, T1P1, CWTS, as well as other recognized standards development organizations.

"TIA/EIA 54/136" means the Cellular Dual Mode Mobile Station-Base Station Compatibility Standards promulgated by the Electronics Industry Association and the Telecommunications Industry Association, as amended from time to time, and improved to include, among other things, a digital control channel, and formerly known as IS-54 and IS-136.

"TIA/EIA 95," formerly known as "IS-95," means the Mobile Station-Base Station Compatibility Standard for Dual-Mode Wideband Spread-Spectrum Cellular Systems, as administered by the Telecommunications Industry Association and as amended from time to time, including without limitation TIA/EIA 95A and TIA/EIA 95B.

"Transferee" has the meaning ascribed to it by Section 8.14(b) hereof.

"Transferred Business" has the meaning ascribed to it by Section 8.14(b) hereof.

"Unlicensed Sales" means sales of Covered Terminal Units without (or outside of the scope of) a license granted by ITC.

"Wideband CDMA" or "WCDMA" means a version of CDMA technology optimized for high speed packet-switched data and high-capacity circuit switched capabilities.

"Wideband" refers to a communications channel with a user data rate higher than a voice-grade channel; usually 64kpbs to 2mbps.

ARTICLE II
LICENSE GRANT

2.1. Grant. ITC hereby grants, and shall cause its Affiliates to grant, to Licensee and Licensee's Affiliates a perpetual (except as set forth in Section 3.3), non-exclusive, worldwide, royalty-bearing license under the ITC Patents:
(i) to use, lease, design, make, have made, import, sell, and otherwise transfer Covered Terminal Units, including the right to procure or produce components therefor, (ii) to practice a method or process involved in the manufacture thereof, and (iii) to practice any method or process involved in the use thereof.

2.2. Limitations on License Grant.

(a) Except as expressly set forth in this Agreement, the license granted hereunder excludes the right to grant sublicenses and, the right to assign or otherwise transfer this Agreement or the license granted hereunder.

(b) The license granted hereunder shall not include, by implication or otherwise, any license for (i) any product other than Covered Terminal Units,
(ii) any Multi Mode Product or (iii) any ASICs, reference design, software or other components except when used solely as a part and within the Covered Terminal Units sold by Licensee and its Affiliates or as spare parts and enhancements therefor.

(c) The license granted in this Agreement shall extend to the Affiliates of Licensee existing as of the Effective Date. Licensee represents that Attachment A to this Agreement lists all of Licensee's Affiliates existing as of the Effective Date and as of the execution date of this Agreement. Licensee shall notify ITC of entities that become Licensee Affiliates during the Term according to Section 3.6, in which event the provisions of Section 3.6 shall apply, and of entities that cease to be Licensee Affiliates during the Term, in which event the provisions of Section 8.14 shall apply to the extent relevant, in each case, in the royalty report following the event giving rise to the notice obligation. Licensee hereby guarantees the full and prompt remittance of all Payments and other amounts owed to ITC by Licensee and all Licensee Affiliates pursuant to this Agreement, and each Licensee Affiliate's compliance with the terms and conditions of this Agreement.

(d) Only to the extent necessary to effectuate Licensee's or its Affiliates use of its "have made" rights granted under Section 2.1 hereof, Licensee or a Licensee Affiliate shall be authorized to grant sublicenses under this Agreement to third parties operating under such "have made" right. Such sublicense shall have the strictly limited purpose of effectuating that "have made" grant, shall not authorize any activity beyond the "have made" activity, shall be subject to the relevant terms of this Agreement, and shall not affect the consideration required hereunder (which shall remain the responsibility of Licensee and its Affiliates).

ARTICLE III
PAYMENTS/PAYMENT TERMS

3.1. Prior Sales.

(a) In partial consideration for the Release granted by Article IX hereof, Licensee shall pay to ITC a non-refundable payment of [**] on Sales of Covered Terminal Units by Licensee from [**].

** Material has been omitted and filed separately with the Commission.

(b) In further consideration of the Release granted by Article IX hereof, Licensee shall pay ITC the non-refundable compensation for Sales of Covered Terminal Units in 2002 calculated in accordance with this Section 3.1(b). Licensee, on or before [**] shall provide ITC with a written report by an appropriate responsible employee of Licensee showing the quantities of each model of Covered Terminal Units Sold by Licensee and its Affiliates [**], and compensation owing in respect of such Sales, such compensation to be calculated at the lowest rate for which Licensee qualifies in the table of rates set forth in this Section 3.1(b). The compensation is expressed in the table of rates as a percentage of Deemed Price of the Covered Terminal Units. If Licensee Sold in excess of [**] Covered Terminal Units in 2002, excluding PDC Covered Terminal Units, then the Deemed Price to be used for determining the Royalties to be paid hereunder for any individual Covered Terminal Unit shall be capped at [**].

Number of Covered Terminal Units (excluding PDC Terminal Units) Sold in 2002	Royalty Rate for 2002
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

(c) Licensee shall pay ITC the compensation set forth in Sections 3.1(a) and 3.1 (b) in accordance with the following schedule:

Payment	Due Date
A) Section 3.1(a) Payment	[**]
B) Section 3.1(b) Payment	
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

3.2. 2003-2006 Royalties. In consideration for the license granted herein with respect to Covered Terminal Units, Licensee shall pay to ITC a non-refundable royalty ("Royalty") on each Sale of a Covered Terminal Unit by Licensee and its Affiliates, anywhere in the world, for the period commencing January 1, 2003 through December 31, 2006. The total Royalty shall be calculated at the lowest royalty rate for which Licensee qualifies in the following table of rates and shall be subject to the additional discounts provided for in the prepayment provisions. The Royalty is expressed in the table of rates as a percentage of Deemed Price of the Covered Terminal Units:

Number of Covered Terminal Units (excluding PDC Terminal Units) Sold During the Immediately Preceding Calendar Year	Royalty Rate for 2003/2004	Royalty Rate for 2005/2006
[**]	[**]	[**]
[**]	[**]	[**]
[**]	[**]	[**]

** Material has been omitted and filed separately with the Commission.

Greater than [**] Covered Terminal Units, or cumulative Covered Terminal Unit volumes of [**]	[**]	[**]

Notwithstanding the foregoing, the Royalty rate shall be [**]% of the Deemed Price of the Covered Terminal Unit Sales made in calendar year 2003 if, by[**], Licensee provides ITC with good faith projections from an appropriate responsible officer, showing that Licensee and Licensee's Affiliates collectively are likely to Sell more than [**] Covered Terminal Units during calendar years 2002 and 2003. In addition, for any year in which Licensee is entitled to calculate Royalties using the rates shown in the above chart for volumes of [**] to [**] units, or volumes in excess of [**] units (i.e., the two bottom lines of the chart above in this Section 3.2), then the Deemed Price to be used for determining the Royalties for any individual Covered Terminal Unit to be paid hereunder shall be capped according to the following schedule:

2003 [**] 2004 [**] 2005 [**] 2006 [**]

3.3. Post 2006 Obligations. Unless this Agreement is sooner terminated or Licensee is in default hereunder, the license granted to Licensee under the ITC Patents (other than the Restricted Patent Claims) as set forth (and limited) under Article II shall be deemed fully paid up as of January 1, 2007 based on Licensee's payment of the all Payments due under this Agreement. The license for the Restricted Patent Claims will expire on December 31, 2006.

3.4. Reports and Payment.

(a) Reports. For all calendar quarters commencing on or after the Effective Date, within forty-five (45) days after the end of each calendar quarter, Licensee shall provide a written report from an appropriate responsible employee of Licensee setting forth the amount of the Royalties and calculation thereof for the reported period regardless of whether or not any Payment is due. All such reports shall be treated as Licensee confidential information for the purposes of Section 8.1 of this Agreement. Licensee shall also provide ITC in writing with an advanced Royalty Sales projection, on a non-binding basis, no later than seventy-five (75) days after the end of each calendar quarter that sets forth the aggregate Royalties Licensee anticipates reporting for the then-current calendar quarter regardless of whether or not any Payment is projected.

(b) Payment of Royalties After [**]. Except to the extent prepaid, Payment for all Royalties on Sales occurring on or after [**] shall be made on a quarterly basis within forty- five (45) days after the end of each calendar quarter. Such payment shall be for all Sales of Covered Terminal Units made by Licensee or its Affiliates during such quarter.

(c) Prepayment of Ongoing Royalties. Licensee will make a pre-payment of Royalties for the twenty-four month period covering January 1, 2003 through December 31, 2004. Licensee shall have the option to make additional pre-payments of Royalties, each such pre-payment covering a new [**] period (except for shorter periods authorized in Sub-Section (ii) below) including making additional payments for a period overlapping the [**] period or any other previous pre-paid period to the extent any such prior pre-payments are found, or are expected to be, insufficient to satisfy the Sales made or to be

** Material has been omitted and filed separately with the Commission.

made during such pre-paid period. All such pre-payments shall be calculated as set forth below, and shall be non-refundable (except as set forth in Section 3.4(h)).

(i) Calculation of Prepayment: To determine the amount of a pre-payment for a twenty-four month period, Licensee shall determine the amount of royalties projected for such period by (i) projecting in good faith the number of Covered Terminal Units to be Sold, the applicable Deemed Prices (subject to the selling price caps set forth in Section 3.2 above), and the year in which such units would be sold, and then (ii) applying the royalty rate as set forth in Section 3.2 that is applicable for the projected volumes in each year. Such amount shall then be discounted as follows:

a. The pre-payment of Royalties in respect of projected Sales during the [**] portion of the [**] prepayment period shall be discounted for present value based on a present value discount factor of [**], which is the present value discount rate of [**]% per annum, single payment at the end of the twelve month period.

b. The pre-payment of Royalties in respect of projected Sales during the [**] portion of the [**] pre-payment period shall be discounted for present value using a present value discount factor of
[**], which is the present value discount rate of [**]% per annum, single payment [**].

c. The sum of the amounts calculated under (a) and (b) above, shall be further be discounted by a single advance payment discount of [**]%, which discounted amount shall be the Royalty pre-payment amount to be paid by Licensee.

(ii) Timing of Payments. On or before [**], Licensee shall provide ITC with a report prepared by an appropriate responsible employee showing the calculation and details of the pre-payment for the [**] period. The Royalty prepayment for [**] shall be paid in two installments, [**]. Except as provided in subparagraph (iii) below (a) Licensee shall make any future pre-payments no later than 10 days prior to the end of the calendar quarter during which a prior pre-payment was exhausted, or (b) if Licensee elects to pay Royalties for some period of time without use of the pre-payment credit method set forth herein and then elects to return to the pre-payment method, then Licensee shall make such payment no later than 10 days prior to [**] for which Royalties are being pre-paid. With every such pre-payment, Licensee shall provide ITC with a report prepared by an appropriate responsible employee showing the calculation and details related thereto.

(iii) Tail Period. Commencing with the royalty report [**], Licensee shall include in each of its royalty reports a good faith assessment as to when any remaining pre-payment reported in such royalty report is expected to be exhausted in the future, based on the average of Royalties reported in the last three Royalty reports (inclusive of the then current report.) If Licensee determines that the remaining pre-payment will likely be exhausted within the calendar quarter in which such royalty report is being submitted, then Licensee shall have the option to pre-pay additional royalties through the end of 2006, in an amount sufficient to cover any shortfall, plus the amount to cover Sales through to the end of 2006. Such additional pre-payment shall be made at the time of Licensee submitting the royalty report that includes such assessment. Thereafter, Licensee shall continue to assess in each royalty report whether its pre-payment will be sufficient to cover Sales up to and including December 31, 2006 (using the same

** Material has been omitted and filed separately with the Commission.

methodology as set forth above) and Licensee shall have the option to make additional payments as necessary to cover any expected shortfall, with such additional payment to be made with said royalty report. Provided Licensee elects to make pre-payments in the manner specified in this Section, Licensee may avail itself to both the full present value discount of [**] for Sales expected to occur in [**] and [**] for Sales expected to occur in
[**], and the [**]% advance payment discount in determining such additional payment.

(d) Exhaustion of Prepayments.

In return for such prepayment(s), Licensee shall receive a Royalty credit equal to the undiscounted royalties that served as the basis for the pre-payment. Licensee may use such Royalty credit to offset its actual Royalty obligation (calculated on a undiscounted basis) on Sales of Covered Terminal Units until such Royalty credit is exhausted (even if such exhaustion occurs after the end of the [**] period for which such pre-payment had been made). Licensee will calculate its Royalty obligation at the rate set forth in the chart above and reduce its prepayment credit by the ratio of the calculated Royalty to the Royalty credit, an example of which is set forth in Attachment D.

(e) PDC Prepayment Benefit. In addition, provided Licensee is entitled to use the Royalty rate stated in the last line of the chart in Section 3.2 herein for the greater than [**] volumes and Licensee makes a prepayment pursuant to this Section 3(e), Licensee shall receive an additional PDC Royalty credit in the amount of [**] of the Royalty credit associated with any twenty-four (24) month prepayment but not to exceed [**], which may be applied only to Royalties due on PDC Covered Terminal Units from and after January 1, 2002, until exhausted; provided that, in calculating the Royalties to be applied against such credit, Licensee shall use the discounted rate (applicable base rate discounted by the [**] advance payment discount) as opposed to the undiscounted rates applied to other Covered Terminal Units, and a Deemed Price cap of [**] per unit for Sales of PDC Covered Terminal Units in [**] and the cap specified in Section 3.3 thereafter, to reduce its pre-payment credit. In the event that Licensee has PDC Covered Terminal Unit Royalty liability for Sales through [**] exceeding its then available PDC Royalty Credit, then Licensee may defer payment of up to [**] of such excess Royalty liability until such time as Licensee makes a pre-payment covering all or a portion of the [**] period, and then apply such excess liability against the PDC Royalty credits related to such pre-payment. If Licensee elects not to make a pre-payment upon the exhaustion of the initial [**] pre-payment, then such option to defer excess PDC Royalty credit shall be eliminated and Licensee shall pay Royalties for such PDC Covered Terminal Units at the undiscounted rates. An example of the royalty credit and exhaustion calculation is shown on Attachments D and F, respectively.

(f) Sample Calculations. Sample calculations of the pre-payment (including applicable discount rate factors) and credit exhaustion methods are set forth in Attachments C and D hereto. Licensee shall not be entitled to any discount from the Royalty rate set forth in this Article III except as expressly provided by this Article III. Attachment G shows an example of the amount of Royalties to be paid for a specified amount of Net Sales of Covered Terminal Units achieved under example assumptions displayed therein, which include Licensee taking discounts available through the exercise of prepayment options throughout the Term of this License Agreement.

(g) Right to Pre-Payment Benefits. Provided Licensee elects to make pre-payments in the manner (including timing) stated in this Section 3.4, then Licensee may avail itself to the benefits of the pre-payment options, as set forth herein. If Licensee does not make pre-payments as required herein and/or in any royalty report, does not have adequate pre-payment credits to satisfy its Royalty obligations

** Material has been omitted and filed separately with the Commission.

in such reported calendar quarter, then Licensee shall not be entitled to avail itself to any of the pre-payment benefits and shall pay such royalties at the undiscounted rates.

(h) Overpayments. Within 180 days of Licensee's final Royalty report for 2006 and subject to the resolution of any Disputes pursuant to Article VI hereof, ITC shall refund to Licensee any prepayment then remaining unexhausted. In no event shall any refund exceed [**].

3.5. Good Faith Projections. Any projection under this Article III shall be deemed to be made in good faith if based upon unit volumes and selling prices known to Licensee at the time. Licensee shall not be bound by any good faith projection. All such good faith projections shall be considered Licensee proprietary information and be held in confidence pursuant to Section 8.1 herein. ITC agrees not to use any such good faith projection against Licensee in any Dispute or legal proceeding.

3.6. New Affiliates/Acquired Businesses.

(a) If, after the Effective Date, Licensee or any Licensee Affiliate
(i) acquires, or acquires control of, an entity, or a business or assets of an entity, that is not then-currently an Affiliate, or (ii) forms a new Affiliate, in either case involved in the manufacturing, distribution or sale of Covered Terminal Units (each, an "Acquired Business"), the terms of this Agreement will govern activities of the Acquired Business with respect to Covered Terminal Units Sold after the effective date of the acquisition or formation (the "Acquisition Date").

(b) If and to the extent the Acquired Business, prior to the Acquisition Date, manufactured or sold Covered Terminal Units pursuant to a license granted by ITC, the Acquired Business' then-existing agreement shall continue to apply as to products or standards other than Covered Terminal Units and this Agreement shall apply as to Covered Terminal Units.

[**]

3.7. Credit for Sales by Manufacturers. In the event an entity, such as an original equipment manufacturer licensed by ITC ("OEM") under the ITC Patents, has paid royalties to ITC for the Sale of Covered Terminal Units and the OEM supplies such Covered Terminal Units to Licensee under the "have made" grant provided for herein, Licensee shall be entitled to a credit against the Royalty due hereunder in the amount of the royalty actually paid by the OEM to ITC. In its royalty reports, Licensee shall provide ITC with sufficient details as to any such Covered Terminal Units purchased from third parties, to permit ITC to determine any Royalty credit that may apply. ITC will provide Licensee with such credit, which may be applied by Licensee in its next Royalty report. Notwithstanding the foregoing, the credit resulting from the OEM's payments of a royalty on a Covered Terminal Unit may not exceed the Royalty paid by Licensee on the same Covered Terminal Unit.

3.8. Payment; Currency Conversion. Payments made pursuant to this Article III shall be made by wire transfer in Dollars to the following account or such other account as ITC may specify by written notice:

** Material has been omitted and filed separately with the Commission.

[**]

Dollar denominated sales shall be reported as transacted. Other currency denominated sales shall be reported based on the mathematical average foreign currency/$U.S. conversion rate applicable during the period over which sales are being reported, using the currency exchange rates given in the Wall Street Journal - Currency Trading, Exchange Rates section, or other source as the parties may agree in writing or an exchange of writings.

3.9. Taxes. Licensee shall be responsible for all income, withholding taxes and other taxes associated with Payments imposed by any jurisdiction other than the United States and its political subdivisions, so long as ITC remains domiciled in the United States. All Payments paid under this Agreement shall be "grossed up" as required to meet Licensee's obligations under this Section 3.9 so that the net amount actually paid to ITC is equal to the Payments calculated in accordance with this Agreement. If any such tax is required by the relevant government, Licensee will furnish ITC with appropriate documentation evidencing the payment of such tax as assessed by the appropriate authority of such government.

3.10. License Acknowledgments. Both parties acknowledge that:

(a) All Payments made hereunder shall be nonrefundable, except as provided for in Section 3.4 (h).

(b) The parties have agreed to the Payments specified in this Agreement as a matter of mutual convenience to the parties, regardless of which of the ITC Patents may be involved.

(c) In the event of a bankruptcy or similar insolvency proceeding filed by or against either party: (i) Licensee's and Licensee's Affiliates' continued rights under the licenses granted herein would convey substantial financial and other benefits to each respective Party, their Affiliates and their respective businesses and creditors such that the Payments accruing hereunder would constitute an Administrative Claim under 11 U.S.C. Sections 503(b) and 507 (or comparable non-U.S. provision); (ii) this Agreement shall be deemed to be an executory contract under 11 U.S.C. Section 365 (or comparable non-U.S. provision) because, inter alia, there remain substantial mutual obligations to be performed by the parties hereto; and (iii) this Agreement shall not be assumable under 11 U.S.C. Section 365(c)(1) (or comparable non-U.S. provision) without ITC's consent.

ARTICLE IV
PASS-THROUGH LICENSE

Provided that this Agreement is not terminated at the time of Sale, Licensee's and Licensee's Affiliates' customers will receive a pass-through license for any such Sale (including lease) and use of Covered Products, provided that such pass-through license shall not limit causes of action, claims or remedies ITC may have hereunder against Licensee or Licensee's Affiliates, for Licensee's or Licensee's Affiliates' breach of this Agreement.

** Material has been omitted and filed separately with the Commission.

ARTICLE V
TERM/TERMINATION

5.1. Term. The Term of this Agreement shall be deemed to have commenced on January 1, 2003 and, unless earlier terminated in accordance with this Article V, shall terminate upon the expiration of the last-to-expire ITC Patent.

5.2. Termination for Default. This Agreement may be terminated by either party with written notice, following thirty (30) days written notice of material breach, provided, however, that in the case of a Dispute not involving the failure to make Payment under Section 3.1(a) hereof, the provisions of Article VI will take precedence. Such termination will take effect at the end of the notice period if the other party is in material breach of any of its material obligations hereunder and fails to remedy the breach within the notice period. Without limiting the foregoing, Licensee shall be in material breach of this Agreement if (i) Licensee or any Licensee Affiliate fails to comply with its reporting and payment obligations hereunder, (ii) Licensee, any Licensee Affiliate or any trustee in bankruptcy, receiver or other successor-in-interest to Licensee or any Licensee Affiliate attempts to recover any Payments previously made (including without limitation on the theory that such Payment was a preference under 11 U.S.C. Section 547 or otherwise), or (iii) Licensee or its successor-in-interest rejects this Agreement or fails, within sixty (60) days of the filing of any voluntary or involuntary petition in bankruptcy by or against Licensee under Section 365 of the U.S. Bankruptcy Code or any comparable non U.S. provision, to assume this Agreement. In the event of the occurrence of (ii) or (iii), ITC shall be entitled to immediately terminate this Agreement without notice. In the event of termination of this Agreement by ITC, all Payments specified by Sections 3.1 and 3.4 of this Agreement and all other Payments accruing hereunder shall become immediately due and payable, and Licensee shall pay all such amounts in full within thirty (30) days of the effective date of ITC's notice of termination.

5.3. Other Termination Rights. If, during the Term, Licensee or one or more of its Affiliates institutes or actively participates as an adverse party in, or otherwise provides material support to, any legal action anywhere in the world, the purpose of which is to invalidate or limit the validity or scope of any of the ITC Patent claims which read on Covered Standards, and fails within thirty (30) days of discovery or being notified of the same to terminate or cause the termination of such legal action or fails within sixty (60) days of discovery or being notified of the same, to otherwise cure all of the adverse effects of Licensee's or the Licensee's Affiliate's activities as described above, ITC shall have the right to terminate this Agreement upon written notice without first having to pursue the Dispute resolution procedures set forth in Article VI. Notwithstanding the provisions above, ITC shall have no right to terminate this Agreement pursuant to this Section 5.3 with regard to any legal action initiated prior to the execution date of this Agreement in which Licensee or its Affiliates participated, directly or indirectly, provided, that, if such action is continuing, Licensee and its affiliates promptly withdraw from such proceeding, discontinue any direct or indirect participation therein, and provide reasonable assistance to ITC in dealing with any adverse material effects resulting from such, to the extent permitted by law. In no event shall anything in this Agreement be construed to impose liability on Licensee for any damages which may result from Licensee's participation in such legal actions prior to the execution date of this Agreement.

5.4. Termination Resulting from Bankruptcy. This Agreement shall terminate automatically without action by either party if, pursuant to the U.S. Bankruptcy Code (or comparable non-U.S. law), Licensee as debtor-in-possession or any trustee in bankruptcy or other successor-in-interest to Licensee rejects this Agreement pursuant to 11 U.S.C. Section 365 (or comparable non-U.S. law).

ARTICLE VI
DISPUTE RESOLUTION

6.1. Agreement to Dispute Resolution Procedures. Any Dispute shall be resolved in accordance with the procedures specified in this Article VI, which shall be the sole and exclusive procedures for the resolution of any such Disputes. Notwithstanding the foregoing, except as the parties may agree in writing, neither party shall be compelled to submit to negotiation, mediation or arbitration under this Article VI any dispute or other matter relating to Licensee's alleged infringement of ITC's Third Generation patents.

6.2. Good Faith Negotiations. In the event of any Dispute, the parties shall first attempt in good faith to resolve such Dispute promptly by negotiation between senior level representatives who have authority to settle the Dispute. Any party may give the other party written notice of any Dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and the response shall each include (a) a statement of the party's position and a general summary of arguments supporting that position, and (b) the name and title of the person(s) who will represent that party in the negotiations. Within 30 days after delivery of the notice of Dispute, the representatives of the parties shall meet in Washington, D.C., or some other mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. All reasonable requests for information made by one party to the other will be honored; however, no party is required to provide confidential, trade secret, proprietary, or privileged information excepting information that is required to be provided pursuant to this Agreement. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If a party refuses to negotiate as provided herein, the any other party may immediately initiate arbitration as provided in Article VI.

6.3. Mediation of Disputes. If any Dispute has not been resolved by negotiation as set out above within 90 days of delivery of the notice of Dispute, or if the parties failed to meet within 30 days of delivery of the notice of Dispute, the parties shall endeavor to settle the Dispute by good faith mediation. Upon the expiration of the negotiating period, any party may give written notice of mediation. The parties shall attempt to agree upon a qualified, neutral individual who shall serve as mediator. If the parties fail to agree upon a mediator within 15 days of delivery of the notice of mediation, the mediator will be appointed by the American Arbitration Association from its roster of neutral mediators. The mediation shall occur in Washington, D.C. within 30 days after appointment of a mediator, or at such other time and place as the parties may agree. Any Dispute which remains unresolved 60 days after appointment of a mediator shall be settled by arbitration in accordance with Section 6.4 of this agreement. If a party refuses to participate in the mediation process as provided herein, any other party may immediately initiate arbitration as provided in Section 6.4. The parties shall bear the cost of the mediation equally between them. Each party shall be responsible for its own attorneys' fees relating to the mediation. Other than with respect to its occurrence or the failure to occur, the mediation is in all respects confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. The mediator may not serve as an arbitrator in any subsequent arbitration proceedings concerning the Dispute.

6.4. Arbitration of Disputes. If any Dispute has not been resolved by the non-binding procedures set forth in Sections 6.2 and 6.3 within the time periods provided for therein, either party may submit the Dispute to arbitration administered by the American Arbitration Association ("AAA") under its then current ICDR International Arbitration Rules ("AAA International Rules"), and as set forth in this Article. The arbitration proceeding shall take place in London, UK, in English, before a panel of three (3) arbitrators, all of whom shall be admitted to practice law in at least one jurisdiction in the United States, and at least one of whom shall have substantial experience in the field of patent licenses. The arbitration shall be commenced and conducted as follows:

(a) Three arbitrators, appointed in accordance with the AAA International Rules, shall hear the Dispute. Any person who (or whose spouse) is or has been an employee, officer, director, partner, legal counsel, consultant to or agent of ITC, IDC or Licensee or any of their respective Affiliates shall be deemed to be partial and to have a conflict of interest and may not be appointed an arbitrator. Should an arbitrator die, resign, refuse to act, or become incapable of performing his or her functions as an arbitrator, the AAA may declare a vacancy on the Arbitral Tribunal. The vacancy shall be filled by the method by which that arbitrator was originally appointed.

(b) The parties shall request that the arbitrators conduct the arbitration proceeding in an expedited fashion in order to complete the proceeding within one (1) year of the date upon which the arbitration was initiated under the AAA Institutional Rules. The parties shall use their best efforts to cooperate with the arbitrators to complete the proceeding within such one (1) year period. However, the Arbitral Tribunal may extend this period for good cause shown.

(c) The arbitration proceedings shall be governed by this Agreement, the AAA International Rules, and by the procedural arbitration law of the site of the arbitration, and by the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The Arbitral Tribunal shall determine the matters at issue in the Dispute in accordance with the substantive law of the State of New York and U.S. Federal patent law, without regard to conflicts of law principles. The Arbitral Tribunal shall decide the issues submitted as arbitrators at law only and shall base its award, and any interim awards, upon the terms of this Agreement and U.S. Federal patent law and the laws of the State of New York. The Arbitral Tribunal is not empowered to and shall not act as amiable compositeur or ex aequo et bono.

(d) The Arbitral Tribunal shall take into account applicable principles of legal privilege and related protections, such as those involving the confidentiality of communications between a lawyer and a client and the work product of a lawyer, and no party or witness may be required to waive any privilege recognized at law. The Arbitral Tribunal shall issue orders as reasonably necessary to protect the confidentiality of proprietary information, trade secrets, and other sensitive information disclosed.

(e) Pursuant to a schedule to be established by the Arbitral Tribunal, the parties shall exchange those documents upon which the producing party may rely in support of any claim or defense. The parties may further exchange documents in response to written requests for disclosure of non-privileged documents directly relevant to the determination of the issues presented for determination by the Arbitral Tribunal. Any dispute regarding such requests for disclosure or the adequacy of any party's disclosures shall be determined by the Arbitral Tribunal consistent with the expedited nature of arbitration.

(f) Escrow. In the event of a Dispute, the party alleged to owe any amount due under this Agreement ("Depositor") shall deposit into an interest bearing account with a mutually agreed to independent escrow agent (appointed by the Arbitration Panel in the event of a failure to agree), an amount equal to
[**] of the amount in dispute. The party requesting an escrow ("Claimant") shall make a showing to the Arbitration Tribunal that there are facts to support the claimed amount. The deposit of any escrow monies shall be made within thirty
(30) days from such date that the Arbitral Tribunal has declared that the Arbitration proceedings have commenced. Notwithstanding the above, any amounts

** Material has been omitted and filed separately with the Commission.

payable under this Agreement which are not disputed shall be paid to the party to which they are owed and not escrowed pending resolution of the arbitration proceedings. The escrow agent shall be empowered to release any or all monies, including accrued interest, from the escrow account:

(i) to the Claimant only to the extent determined by a decision made by the Arbitral Tribunal; and

(ii) to the Depositor any amount remaining upon resolution of all of the Claimants' claims; or

(iii) as agreed to in writing and signed by each party.

The parties shall share the cost of the escrow agent equally.

(g) Awards. All awards shall be in writing and shall state the reasoning upon which the award rests. Any award shall be made and signed by at least a majority of the arbitrators. The Arbitral Tribunal is expressly empowered to grant any remedy or relief available under the law, including but not limited to specific performance of this contract or matters arising out of or in connection therewith and injunctive relief against the unlicensed sale of Covered Terminal Units. Judgment on the award may be entered in any court of competent jurisdiction. Any judgment or order of specific performance shall be enforceable, without opposition in any country. Both parties shall bear equally the cost of the arbitration (exclusive of legal fees and expenses, all of which each party shall bear separately). Any monetary award shall be payable in United States dollars, free of any tax or other deduction. Any determination of the arbitration shall be binding solely on the parties hereto. All Awards shall be paid within ten (10) days of such Award as to escrowed funds and within thirty (30) days of such Award as to non-escrowed amounts.

(h) The failure or refusal of any party, having been given due notice thereof, to participate at any stage of the dispute resolution proceedings shall not prevent the proceedings from continuing, nor shall such failure or refusal impair the validity of the award or cause the award to be void or voidable, nor shall it be a basis for challenge of the validity or enforceability of the award or of the arbitration proceedings. If any party fails to fund the escrow or to timely pay an advance on fees and costs ordered by the Arbitral Tribunal or the AAA within thirty (30) days after the date set for such deposit, that party shall be deemed to be in default of the Arbitration. The Tribunal and/or the AAA shall then determine whether the funds on deposit for fees and costs are sufficient to satisfy the anticipated estimated expenses for the proceeding to continue on an expedited basis without the participation of the defaulting party. If so, the proceeding will continue without the participation of the defaulting party, and the Tribunal may enter an award on default. Prior to entering an award on default, the Tribunal shall require the non-defaulting party to produce such evidence and legal argument in support of its contentions as the Tribunal may deem appropriate. The Tribunal may receive such evidence and argument without the defaulting party's presence or participation. If the funds on deposit are deemed insufficient to satisfy the estimated costs of continuing as provided herein, the non-defaulting party may make all or part of the requested deposit in an amount sufficient to allow the proceeding to continue without the participation of the defaulting party. If the non-defaulting party chooses not to make the requested deposit, the Arbitral Tribunal may suspend or terminate the proceedings.

(i) Unless the parties agree otherwise, the parties, the arbitrator(s), and the AAA shall treat the dispute resolution proceedings provided for herein, any related disclosures, and the decisions of the Arbitral Tribunal, as confidential, except in connection with judicial proceedings ancillary to the dispute resolution proceedings, such as a judicial challenge to, or enforcement of, the arbitral award, and unless otherwise required by law.

6.5. Interim Measures from the Courts in Aid of Arbitration. At any time after submission of a written notice of a Dispute, any party may request a court of competent jurisdiction to grant interim measures of protection including without limitation temporary, preliminary, and injunctive relief: (a) to prevent the destruction of documents and other information or things related to the Dispute, or (b) to prevent the wasting or hiding of assets. Such injunctive relief shall be enforceable in any country and neither Licensee or Licensee's Affiliates shall oppose such enforcement.

6.6. Mandatory Procedures. The parties agree that any Dispute arising under this Agreement shall be resolved solely by means of the procedures set forth in this article, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement. If either party fails to observe the procedures of this article, as may be modified by their written agreement, the other party may bring an action for specific performance of these procedures in any court of competent jurisdiction.

6.7. Injunctive Relief. In the event Licensee fails to comply with an Arbitral award, ITC shall be entitled (notwithstanding the other provisions of this Agreement) to petition any court of competent jurisdiction for temporary, preliminary and permanent injunctions against the exercise of the licenses granted by this Agreement. Such injunctive relief shall be enforceable in any country, and neither Licensee nor any Licensee Affiliate shall oppose such enforcement. In any event, Licensee shall have at least thirty (30) days to comply with any such award before ITC shall petition for any injunction.

6.8. Performance to Continue. Licensee shall continue to perform its undisputed obligations under this Agreement pending final resolution of any Dispute arising out of or relating to this Agreement. Nothing in this article, including the requirements to mediate and arbitrate Disputes, shall relieve Licensee from its obligation to make undisputed Payments pursuant to Article III of this Agreement during the pendency of such proceedings or delay ITC's right to terminate this Agreement in accordance with Section 5.2.

6.9. Statute of Limitations. The parties agree that all applicable statutes of limitation and time-based defenses (such as estoppel and laches) shall be tolled while the procedures set forth in this Article VI are pending. The parties shall cooperate in taking any actions necessary to achieve this result.

6.10. Relief From Stay. Licensee, in the event Licensee becomes the subject of a voluntary or involuntary petition in bankruptcy under the U.S. Bankruptcy Code or any other insolvency statute, or any foreign counterpart thereof, hereby consents to the applicable tribunal's grant of any ITC request of relief from any stays, automatic or otherwise, or other orders, laws or regulations that may limit ITC's rights to enforce the terms of this Agreement, including without limitation the right to terminate this Agreement pursuant to Article V of this Agreement for Licensee's breach. The parties agree that any Dispute under this Agreement would not be a core proceeding under 28 U.S.C. Section 157, because, inter alia, this Agreement was entered into prior to the commencement of any bankruptcy proceeding and not in contemplation thereof. Therefore, in the event a bankruptcy or similar insolvency proceeding is commenced by or against Licensee, Licensee will continue to support and use best efforts to ensure the arbitration of any Disputes arising under this Agreement as set forth herein.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

7.1. By ITC. ITC hereby represents and warrants that:

(a) ITC is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and has authority to enter into this Agreement and perform its obligations hereunder. This Agreement constitutes a valid and binding agreement of ITC enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation by ITC of the transactions contemplated hereby, nor compliance by ITC with any of the provisions hereof, will (i) constitute a violation of or default under any contract, instrument, commitment, agreement, understanding, arrangement, or restriction of any kind to which ITC is a party, or by which ITC may be bound, or (ii) violate any rule, regulation, law, statute, ordinance, judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to ITC.

(b) ITC has the right to license the ITC Patents. ITC represents that it has not, within the four (4) year period prior to the Effective Date, assigned, sold, or otherwise conveyed to any third party any patent or patent application. ITC makes no other representation or warranty with regard to the validity of the ITC Patents or Licensee's ability to design, develop, use, manufacture, have manufactured, market, distribute or sell Covered Terminal Units free of infringement of third party intellectual property rights. ITC shall have no obligation to maintain or prosecute ITC Patents.

(c) ITC shall not make any claim against Licensee or its Affiliates of inducement to infringe or contributory infringement relating to any product or component produced by third parties where the manufacture or sale of such product or component may include technology provided by Licensee, or may have otherwise been facilitated by Licensee or its Affiliates. Such agreement not to assert claims shall be (i) personal to Licensee and its Affiliates, (ii) extend to only Covered Terminal Units that, had they been manufactured by Licensee or its Affiliates, would have been covered under the license granted herein, (iii) not convey any license or any other rights to such third party, and (iv) not prejudice or affect any infringement claim that ITC may have against such third party.

7.2. By Licensee. Licensee is a corporation duly organized, validly existing, and in good standing under the laws of Sweden and has authority to enter into this Agreement and perform its obligations hereunder, and to cause its Affiliates to perform their respective obligations hereunder. This Agreement constitutes a valid and binding agreement of Licensee enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation by Licensee of the transactions contemplated hereby, nor compliance by Licensee with any of the provisions hereof, will (i) constitute a violation of or default under, any contract, instrument, commitment, agreement, understanding, arrangement, or restriction of any kind to which Licensee is a party, or by which Licensee may be bound, or (ii) violate any rule, regulation, law, statute, ordinance, judgment, order, writ, injunction, or decree of any court, administrative agency, or governmental body applicable to Licensee.

7.3. By Both Parties.

(a) Each party will take any and all actions necessary to ensure that this Agreement shall become applicable to Acquired Businesses pursuant to

Section 3.6 herein and becomes applicable to Transferees pursuant to Section 8.14 herein.

(b) Neither party shall present or submit this Agreement in whole or in part or any summary thereof, in any mediation, arbitration, or legal proceeding against the other party or its Affiliates except with respect to Covered Terminal Units.

7.4. Disclaimer. THE WARRANTIES AND REMEDIES SET FORTH IN THIS AGREEMENT CONSTITUTE THE ONLY WARRANTIES WITH RESPECT TO THIS AGREEMENT AND THE SUBJECT MATTER HEREOF, AND THEY ARE IN LIEU OF ALL OTHER WARRANTIES WRITTEN OR ORAL, STATUTORY, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE VIII
MISCELLANEOUS

8.1. Confidentiality. Unless otherwise required by law, court order or by the Court in connection with the Lawsuit, the parties shall maintain as strictly confidential this Agreement and any proprietary information disclosed under, or as a result of the negotiation or performance of, this Agreement, including without limitation the terms of this Agreement (including the exhibits hereto). Notwithstanding the foregoing, the parties agree that Licensee and ITC or InterDigital may (i) issue a press release regarding the execution of this Agreement, such press release to be reviewed and approved in advance by the other party, such approval not to be unreasonably withheld or delayed and (ii) respond to any questions relating to any confidential aspects of this Agreement in a manner agreed upon by the Parties. For the avoidance of doubt, the forecasts and reports Licensee submits pursuant to Article III of this Agreement shall be deemed the proprietary information of Licensee. Notwithstanding the foregoing, the parties agree that Licensee and ITC or InterDigital may (i) disclose the contents or the principal terms of this Agreement in confidence to other licensees only to the extent required by most favored licensee clauses and to satisfy SEC, NASDAQ, London Exchange, Stockholm Stock Exchange or other statutory, regulatory or administrative requirements, or to comply with a court order, or in mediation, or arbitration between the parties pursuant to Article VI herein, and (ii) disclose any other information necessary to satisfy SEC, NASDAQ, London Exchange, Stockholm Stock Exchange or other statutory, regulatory or administrative requirements, to comply with a court order, or in mediation, or arbitration between the parties. Disclosures pursuant to subsection (ii) of this Section 8.1 shall be subject to the other party's advance review and comment, which comments shall not be unreasonably withheld or delayed.

8.2. Licensee Identification on Covered Terminal Units. If Licensee begins patent marking Covered Terminal Units for other patent holders, Licensee shall, and shall cause its Affiliates to, affix on all products, packaging or instructions (or if practicable, the product itself) a label indicating that the products are manufactured or sold under license from ITC. ITC may designate certain ITC Patents for inclusion on such label.

8.3. Headings. The headings of the several Articles and Sections are inserted for convenience of reference only and are not intended to be part of or affect the meaning or interpretation of this Agreement.

8.4. Audit. Licensee shall (and shall cause its Affiliates to) keep books and records adequate to accurately determine the Payments under this Agreement, and retain such books and records for at least [**] years after the delivery of the Royalty report to which they relate. ITC shall have the right, no more than once per calendar year, to have an independent certified public accountant inspect all relevant books and records of Licensee and its Affiliates on thirty
(30) days' prior notice and during regular business hours to verify the reports and Payments required to be made hereunder. Such independent certified public accountant shall be selected by ITC and approved by Licensee. Licensee shall respond to ITC's selection of auditor within ten (10) days and its approval shall not be unreasonably withheld. The auditor shall enter into an appropriate nondisclosure agreement with Licensee, and shall disclose no more information than is reasonably necessary to determine the Payments owed hereunder. Should an underpayment in excess of [**] be discovered, Licensee shall pay the cost of the audit. In any event, Licensee shall promptly pay any underpayment together with interest at the compounded annual rate of [**] from the due date. All information obtained through such audit shall be deemed Licensee confidential information and subject to the protections provided as per Section 8.1 of this Agreement.

** Material has been omitted and filed separately with the Commission.

8.5. Governing Law/Venue. The validity and interpretation of this Agreement shall be governed by New York law and U.S. federal patent law, without regard to conflict of laws principles. The parties further irrevocably consent to exclusive jurisdiction of the state and federal courts in the State of New York for the purposes of enforcement of any final award granted by the Arbitral Tribunal. Such enforcement shall be governed by the laws of the State of New York.

8.6. Affiliate Performance. Each party shall be responsible for all actions required of its Affiliates hereunder and shall be liable to the other party for any adverse action or failure to perform by such party's Affiliates hereunder.

8.7. Waivers. No waiver of any right, term or condition under this Agreement shall be deemed effective unless in writing and signed by the party charged with such waiver, and no waiver shall operate as a waiver of any future such right, term or condition or any other right, term or condition arising under this Agreement.

8.8. Survival. All representations, acknowledgements, obligations, responsibilities, terms or conditions involving performance subsequent to the expiration or termination, repeal or rejection of this Agreement, or which cannot be determined to have been fully performed until after such time, or which by their nature are intended to survive shall be deemed to survive. Without limitation, all payment obligations and acknowledgements herein and the representations and warranties contained in Article VII hereof are intended to survive and shall survive any such expiration or termination, repeal or rejection.

8.9. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

8.10. Pre-Existing Rights Not Limited. Nothing in this Agreement shall be construed as limiting the rights or granting rights which the Licensee has outside the scope of the license granted hereunder, or restricting or granting the right of Licensee or any of its Affiliates to make, have made, use, lease, Sell or otherwise dispose of any particular product or products not herein licensed.

8.11. No Set Off. Licensee agrees and acknowledges that it has no right to, and shall not, attempt to set off amounts claimed to be owed based on any claim that it has or may have in the future against InterDigital, ITC, or any of their respective Affiliates, except as specifically agreed to in writing by ITC, against amounts owed hereunder.

8.12. Notices. Any report, notice or other communication required or permitted to be made or given to either party hereto pursuant to this Agreement shall be sent to such party by registered airmail (except that registered or certified mail may be used where delivery is in the same country as mailing), postage prepaid, addressed to the respective party at its address as set forth below, or to other such address as it shall designate by written notice given to the other party, and shall be deemed to have been made, given or provided on the date of receipt. The addresses:

(a) For ITC:

InterDigital Technology Corporation
[**]

(b) For Licensee:

Sony Ericsson Mobile Communications AB
[**]

8.13. Limitation. Nothing in this Agreement shall be construed as: (a) an agreement to bring or prosecute actions against third party infringers of the ITC Patents; (b) conferring any license or right under any patent other than the ITC Patents; or (c) conferring any right to use the ITC Patents outside the field of use defined by the license grant of this Agreement.

8.14. Personal Agreement. This Agreement is personal to Licensee and, except as provided for in this Section 8.14 or as ITC consents to in writing in its sole discretion, may not be assigned or transferred, nor may any license granted hereunder be assigned or transferred, whether by operation of law or otherwise, and any attempt to make any such assignment or transfer shall be null and void. Without limitation, the provisions of this Section 8.14 shall apply to the sale or other transfer by Licensee or any Licensee Affiliate to an unaffiliated third party any part of the business or substantial assets involved in the manufacture, distribution or sale of Covered Terminal Units.

Notwithstanding the aforesaid, if:

(a) Licensee is acquired by (y) merger, consolidation or another business combination, or (z) the sale 50% or more of its capital stock; or

(b) Licensee or any Licensee Affiliate sells or otherwise transfers to an unaffiliated third party (a "Transferee") any Affiliate, any part of the business or substantial assets (or control over any of the foregoing) involved in the manufacture, distribution or sale of Covered Terminal Units (the "Transferred Business"), the following shall apply:

(i) Without regard to whether ITC has previously licensed the Transferee to manufacture or sell Covered Terminal Units, if the Transferred Business remains in an entity separate from Transferee and its other affiliates, then the terms of this Agreement shall continue to apply to the Transferred Business and the terms of the Transferee's existing license shall govern the Transferee's existing business.

(ii) If and to the extent the Transferee, immediately prior to the effective date of the transaction (the "Transfer Date"), was licensed by TC to manufacture or sell Covered Terminal Units and either the Transferred Business does not remain a separate entity or the

** Material has been omitted and filed separately with the Commission.

Transferred Business' production facilities are merged into the Transferee or one of its affiliates, then [**].

(c) If and to the extent the Transferee, prior to the Transfer Date, is not licensed by ITC to manufacture and sell Covered Terminal Units and the Transferred Business does not remain a separate entity or the Transferred Business' production facilities are merged into the Transferee or one of its affiliates, then [**].

8.15. Entire Agreement/Amendment. To the extent Licensee is licensed under another patent license agreement with ITC under standards or covering products that differ from the Covered Standards or Covered Terminal Units, the other patent license agreement shall remain in full force and effect as to those differing standards and/or products. To the extent Licensee was licensed under another patent license agreement with ITC prior to the Effective Date for the Sale of Covered Terminal Units, the terms of that prior agreement shall continue to apply up to but not including the Effective Date including any cross licenses back to InterDigital. Otherwise, this Agreement, contains the complete and final agreement between the parties, and supersedes all previous understandings, relating to the subject matter hereof whether oral or written. This Agreement may only be modified by a written agreement signed by duly authorized representatives of the parties.

8.16. Counterparts. This Agreement may be executed in counterparts, which taken together, shall constitute one Agreement and each party hereto may execute this Agreement by signing such counterpart, provided that no party shall be bound hereby until it has been executed and delivered by all parties hereto. A facsimile signature of either party to this Agreement, or any amendment of this Agreement, shall be deemed an original signature of such party and shall manifest such party's intention to be bound by this Agreement or such amendment.

8.17. Limitation of Liability. IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, A WARRANTY, TORT LIABILITY (INCLUDING NEGLIGENCE) OR OTHERWISE SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR EXEMPLARY DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF REVENUES OR LOSS OF CAPITAL.

ARTICLE IX
RELEASE

ITC on behalf of itself and InterDigital, and their respective Affiliates as of the Effective Date of this Agreement, hereby irrevocably releases except for failure to remit payments required under 3.1(a) and 3.1(b), Licensee, its Affiliates, and their customers, including any customers in the chain of possession of Covered Terminal Units, from any and all claims from infringement of ITC Patents (including method claims), which claims have been made, or which might be made at any time, with respect to any Covered Terminal Units or components used therein, manufactured, used, leased, Sold or otherwise transferred by or for Licensee or its Affiliates before the Effective Date of this Agreement.

** Material has been omitted and filed separately with the Commission.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives.

INTERDIGITAL TECHNOLOGY CORPORATION	SONY ERICSSON MOBILE COMMUNICATIONS AB
By: ------------------------------------	By: ------------------------------------
Name: ----------------------------------	Name: ----------------------------------
Title: ---------------------------------	Title: ---------------------------------
Date: ----------------------------------	Date: ----------------------------------

ATTACHMENT A

AFFILIATES

Sony Ericsson Mobile Communications AB

Sony Ericsson Mobile Communications International AB

Sony Ericsson Mobile Communications Japan Inc.

Sony Ericsson Mobile Communications (USA) Inc.

Sony Ericsson Mobile Communications do Brazil Ltd.

Sony Ericsson Mobile Communications S.A. de C.V.

Sony Ericsson Mobile Communications S.p.A.

Sony Ericsson Mobile Communications Ltd.

Sony Ericsson Mobile Communications China

Sony Ericsson Mobile Communications Management Ltd.

ATTACHMENT B

CALCULATION OF PREPAYMENT DISCOUNT

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ATTACHMENT C
ROYALTY PREPAYMENT
COVERED SUBSCRIBER UNITS

SAMPLE CALCULATION

[**]

** Material has been omitted and filed separately with the Commission.

ATTACHMENT D
ROYALTY PREPAYMENT EXHAUSTION
COVERED SUBSCRIBER UNITS

SAMPLE CALCULATION

[**]

** Material has been omitted and filed separately with the Commission.

ATTACHMENT E
PDC ROYALTY CREDIT
COVERED SUBSCRIBER UNITS

SAMPLE CALCULATION

[**]

** Material has been omitted and filed separately with the Commission.

ATTACHMENT F
PDC ROYALTY CREDIT EXHAUSTION
COVERED SUBSCRIBER UNITS

SAMPLE CALCULATION

[**]

** Material has been omitted and filed separately with the Commission.

ATTACHMENT G
ROYALTY PREPAYMENT OVER FOUR YEAR PERIOD
COVERED SUBSCRIBER UNITS

SAMPLE CALCULATION

[**]

** Material has been omitted and filed separately with the Commission.

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of InterDigital Communications Corporation (the "Company") for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Howard E. Goldberg, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2003

/s/ Howard E. Goldberg

Howard E. Goldberg
President and Chief Executive Officer

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of InterDigital Communications Corporation (the "Company") for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Fagan, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2003

/s/ R.J. Fagan

Richard J. Fagan
Executive Vice President
and Chief Financial Officer