



# Patents key to Nortel wireless auction

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SAN JOSE, Calif. — A portfolio of patents is one of the most sought-after assets in an auction today of a wireless business unit of Nortel Networks, the veteran Canadian telecom systems provider forced into bankruptcy in January. The company hopes to announce by the end of the day a new owner for its CDMA and LTE business that has attracted pre-auction bids ranging from \$650 million to \$1.1 billion.

Blackberry maker Research in Motion (Waterloo, Ontario) submitted the \$1.1 billion bid but was disqualified from the auction after it failed to agree to confidentiality terms, according to a Nortel statement. Other bidders include telecom rivals Ericsson, Nokia Siemens Networks and a private equity firm.

The wireless unit has been a cash cow for Nortel, generating profits in hundreds of millions, according to a Canadian newspaper blogger who gave a rundown on the top bidders this week.

"RIM wants to get their hands on the patents that relate to LTE and other next generation wireless technologies," said Mike Mclean, vice president of professional services for Semiconductor Insights (Ottawa), a sister division of EE Times.

RIM holds less than a thousand patents, while its rivals including Nokia and Ericsson hold tens of thousands. Nortel is believed to hold about 7,000 patents across a broad range of area from optical networking, telephony and carrier Ethernet to next-generation wireless technologies such as Long Term Evolution, said Song Zhang, a senior consultant for Semiconductor Insights.

The Blackberry maker has been aggressively acquiring and filing for patents since it paid in 2006 a record \$612 million to a small U.S. firm called NTP over a patent dispute. RIM had about 450 patents issued in just the last 18 months and has spent some \$300 million acquiring patents and small technology companies recently, said McLean and Zhang.

Today's Nortel auction "includes the sale of substantially all of the CDMA business and LTE Access research and development resources including some intellectual property rights but excluding a small number of 4G wireless patents," said a Nortel spokesman.

The auction marks another step in the breakup of Nortel, once one of Canada's top technology and engineering companies. According to a Reuters report, Nortel now employs about 25,000 people down from 90,000 at its peak,

Nortel's employment in Ottawa has fallen to less than a third of its peak as the company scaled back from ten to one sites, said Mclean. Competitors including Alcatel-Lucent, China's HuaWei and RIM have set up design centers in Ottawa, hiring former Nortel engineers, he added.

On Monday, Nortel sold its enterprise unit for \$475 million to Avaya, itself a spin out of the former AT&T.