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8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN JOSE DIVISION

11 In Re:
12 TECHNOLOGY PROPERTIES LIMITED,
13 LLC, a California limited liability company,
14 Debtor.

Case No.: 13-51589-SLJ-11

Chapter 11

Date: November 12, 2014
Time: 10:00 a.m.
Place: Courtroom 3099
280 South First Street
San Jose, California

Honorable Stephen L. Johnson

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19 **DISCLOSURE STATEMENT RE:**
20 **MOORE MONETIZATION PLAN OF REORGANIZATION**
21 **DATED OCTOBER 29, 2014**
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

- i -

1 **TABLE OF CONTENTS**

2 **ARTICLE I. INTRODUCTION**..... 1

3 **ARTICLE II. DEFINITIONS** 3

4 **ARTICLE III. OVERVIEW OF CHAPTER 11 AND PLAN**..... 3

5 A. The Chapter 11 Process..... 3

6 B. Creditors to Be Paid in Full Pursuant to Plan..... 5

7 C. Overview of the Plan..... 6

8 D. Confirmation Hearing. 6

9 **ARTICLE IV. HISTORY AND PRESENT POSTURE OF THE BANKRUPTCY CASE.** 6

10 A. History and Description of the Business..... 6

11 1. The Debtor’s History. 6

12 *A fresh start for TPL.* 18

13 2. Events Precipitating the Bankruptcy Filing. 20

14 B. Summary of Events During The Bankruptcy Case. 20

15 1. Commencement of the Bankruptcy Case..... 20

16 2. Official Unsecured Creditors’ Committee..... 20

17 3. Appointment of Responsible Person..... 21

18 4. Retention of Professionals. 21

19 5. Allowance of Fees of Court-Appointed Professionals..... 21

20 6. Use of Cash Collateral. 21

21 7. Bankruptcy Administration Matters..... 22

22 8. Assets 22

23 9. Liabilities..... 22

24 10. Non-bankruptcy Events. 23

25 C. Secured Claims..... 25

26 1 CCC..... 25

27 2. Daniel E. Leckrone. 25

1	3. Venkidu.....	26
2	4. Lien Priority....	26
3	D. The Debtor’s Unsecured Debts.....	26
4	ARTICLE V. CLAIMS AND EQUITY INTERESTS AND TREATMENT UNDER THE PLAN.....	27
5	A. Unclassified Claims:	27
6	B. Classified Claims:.....	27
7	1. Class 1 (Priority Claims).....	27
8	2. Class 2 (CCC Claim).	28
9	3. Class 3 (Leckrone Secured Claim).	28
10	4. Class 4 (Venkidu Claim).....	28
11	5. Class 5 (Administrative Convenience Claims).	28
12	6. Class 6 (Non-Insider General Unsecured Claims	28
13	7. Class 7 (Employee Claims).....	28
14	8. Class 8 (13% Non-Insider Claims).	28
15	9. Class 9 (Insider 13% Claims)	28
16	10. Class 10 (Insider Unsecured Claims).....	28
17	11. Class 11 (Rejected Executory Contract Claims).....	28
18	12. Class 12 (Interests).....	28
19	ARTICLE VI. TREATMENT OF UNCLASSIFIED CLAIMS	29
20	Administrative Claims.	29
21	Professional Fee Claims.	29
22	Priority Tax Claims.....	30
23	ARTICLE VII. TREATMENT OF CLAIMS NOT IMPAIRED UNDER THE	
24	10/29/2014 MMP PLAN.....	30
25	ARTICLE VIII. TREATMENT OF CLASSES OF CLAIMS AND INTERESTS THAT ARE	
26	IMPAIRED UNDER THE 10/29/2014 MMP PLAN.....	30
27	ARTICLE IX. IMPAIRMENT OF CLASSES; VOTING OF CLAIMS.....	31

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1	ARTICLE X. IMPLEMENTATION OF THE PLAN	31
2	A. Business Operations and Expenses of the Reorganized Company.	31
3	B. New Management	32
4	C. IP Portfolio Management	37
5	D. MMP Portfolio Management	38
6	E. Creditor Trust and the Chapter 11 Trustee.	46
7	F. Grant of Security Interest for the Benefit of Holders of Allowed	
8	Unsecured Claims	47
9	G. Creditors' Committee.....	48
10	H. Distributions To Creditors.	48
11	1. Establishment of Claims Trust Account.	48
12	2. Post-Effective Date Funding of Claims Trust Account.	48
13	3. Quarterly Distribution Report.	48
14	4. Timing of Distributions.	49
15	5. Distribution Addresses; Undeliverable Distributions.	50
16	6. Withholding Taxes.....	50
17	7. Fractional Amounts.....	50
18	8. De Minimis Distributions.	51
19	9. Time Bar to Cash Payments.....	51
20	10. Modification of Payment Terms.	51
21	I. Articles of Organization/Operating Agreement.	52
22	J. Authority Of Reorganized Company Acting By and Through	
23	Chapter 11 Trustee.....	52
24	K. Responsible Person.	53
25	L. Disbursing Agent.....	53
26	M. Tax Returns, Payments and Refunds.	54
27	N. Employee Benefit Plans.	54
28		

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1	O. Further Orders.....	54
2	P. Post-Confirmation Employment of Personnel.....	54
3	Q. Post-Confirmation Compensation and Reimbursement of	
4	Professionals	55
5	R. Notice Procedure.....	56
6	S. Post-Confirmation Fees, Reports, and Final Decree.....	56
7	1. US Trustee Fees.....	56
8	2. Post-Confirmation Reports	56
9	T. Final Decree.....	57
10	ARTICLE XI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	57
11	A. Assumption of Executory Contracts and Unexpired Leases.....	57
12	B. Defaults.....	58
13	C. Rejection of Executory Contracts and Unexpired Leases.....	58
14	D. Rejection Claims.....	59
15	E. Adding and Removing Executory Contracts and Unexpired Leases.....	59
16	F. Excluded Contracts.....	59
17	ARTICLE XII. PROOFS OF CLAIM; OBJECTIONS	60
18	A. Time for Filing Proofs of Claim.....	60
19	B. Ownership and Transfers of Claims.....	60
20	C. Amendments to Claims.....	61
21	D. Claim Objections.....	61
22	E. Disputed Claims.....	61
23	F. Distributions	62
24	ARTICLE XIII. RETAINED CLAIMS.....	62
25	A. Prosecution of Retained Claims.....	62
26	B. Preservation of Claims and Rights.....	63
27	ARTICLE XIV. REQUEST FOR CONFIRMATION.....	65

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **ARTICLE XV. RETENTION OF JURISDICTION**..... 65

2 **ARTICLE XVI. EFFECT OF CONFIRMATION**..... 68

3 A. Binding Effect of Plan..... 68

4 B. Vesting Of Property. 68

5 C. Discharge..... 68

6 D. Exculpation. 69

7 E. Injunction..... 69

8 F. Preservation of Insurance. 70

9 G. Reservation of Powers..... 70

10 **ARTICLE XVII. MISCELLANEOUS** 70

11 A. Injunctions and Stays. 70

12 B. No Admissions. 70

13 C. Revocation of the Plan. 71

14 D. Modification of Plan. 71

15 E. Saturday, Sunday and Legal Holiday. 71

16 F. Plan Interpretation. 72

17 G. Governing Law..... 72

18 H. Setoff/Recoupment..... 72

19 I. Waiver. 73

20 J. Notices..... 73

21 K. Reservation of Rights. 74

22 L. Severability 74

23 **ARTICLE XVIII. DEFAULT PROVISIONS** 74

24 **ARTICLE XIX. OVERRIDING PROTECTIONS FOR LICENSEE PARTIES** 75

25 **ARTICLE XX. RISK FACTORS** 75

26 A. Certain Bankruptcy Considerations. 76

27 B. Risks Relating to the Projections..... 76

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 C. Claims Estimates and Distributions Risks..... 77

2 D. Risks of Implementing Plan..... 78

3 **ARTICLE XXI: CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

4 **OF THE PLAN.** 78

5 A. Introduction..... 78

6 **ARTICLE XXII: VOTING PROCEDURES AND REQUIREMENTS** 79

7 A. Creditors and Interest Holders Entitled to Vote..... 79

8 B. Definition of Impairment..... 80

9 C. Classes Impaired Under the Plan..... 80

10 D. Vote Required for Class Acceptance. 80

11 E. Procedures. 81

12 **ARTICLE XXIII: CONFIRMATION PROCEDURES; OBJECTIONS TO**

13 **CONFIRMATION** 82

14 A. Confirmation Hearing. 82

15 B. Requirements for Confirmation of the Plan. 83

16 C. Compliance with Confirmation Requirements..... 84

17 D. Cramdown..... 85

18 **ARTICLE XXIV: BEST INTERESTS TEST**..... 86

19 A. Liquidation Under Chapter 7. 87

20 B. Liquidation Analysis. 88

21 1. Liquidation Analysis Applied..... 89

22 a. Assets. 89

23 b. Avoidance Actions..... 91

24 c. Costs..... 92

25 d. Claims. 92

26

27

28

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **ARTICLE I.**

2 **INTRODUCTION.**

3 This Disclosure Statement (the "10/29/2014 MMP Disclosure Statement") has been
4 prepared by Charles H. Moore ("Mr. Moore") for the bankruptcy estate of Technology
5 Properties Limited, LLC (the "Debtor" or "TPL"). This 10/29/2014 MMP Disclosure
6 Statement is provided in connection with the solicitation of acceptances of the MOORE
7 MONETIZATION PLAN OF REORGANIZATION (DATED OCTOBER 29, 2014), (the "10/29/2014
8 MMP Plan"). The purpose of the 10/29/2014 MMP Disclosure Statement is to provide
9 adequate information of a kind, and in sufficient detail, as far as is reasonably practicable in
10 light of the nature and history of the Debtor and the condition of the Debtor's books and
11 records, that would enable a hypothetical reasonable investor typical of holders of Claims¹ and
12 Interests to make an informed judgment about the Plan.

13 An acceptance or rejection of the Plan must be in writing and may only be made by
14 completing the Ballot that accompanies the Plan. In order for your vote to be counted, it must
15 be received no later than _____. See Article XXII below for additional voting
16 instructions.

17 This 10/29/2014 MMP Disclosure Statement includes, among other things, a brief
18 history of the Debtor, a summary of its Bankruptcy Case and the factors leading to Debtor's
19 bankruptcy filing, a description of the Claims against and Interests in the Debtor, a summary
20 of the Plan and the changes it proposes to move the Debtor in a new direction, a discussion
21 of the Plan's feasibility and a liquidation analysis setting forth what holders of a Claim
22 against or Interest in the Debtor would recover if the Debtor was immediately liquidated
23 under Chapter 7 of the Bankruptcy Code.

24 **UPON BANKRUPTCY COURT APPROVAL OF THE PLAN, THE PLAN**
25 **WILL BE BINDING ON ALL CREDITORS AND INTEREST HOLDERS.**

26 _____
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28 ¹ Terms not defined herein shall have the meaning ascribed to them in the Plan.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **THEREFORE, IT IS IMPORTANT THAT CREDITORS AND INTEREST HOLDERS**
2 **READ AND CAREFULLY CONSIDER THIS DISCLOSURE STATEMENT AND THE**
3 **PLAN.**

4 Mr. Moore requests that you vote promptly for the 10/29/2014 MMP Plan upon
5 carefully reviewing the accompanying materials. For the reasons discussed in Article IV, Mr.
6 Moore believes that the restructuring contemplated by the 10/29/2014 MMP Plan will yield a
7 recovery to Creditors that is greater and more certain than the return that could be achieved
8 through a liquidation under Chapter 7 of the Bankruptcy Code.

9 If you have any questions regarding the procedures for voting, or any questions
10 concerning your treatment under the 10/29/2014 MMP Plan, please contact Mr. Moore's
11 counsel whose contact information is provided at the top of the first page of this Disclosure
12 Statement.

13 Mr. Moore reserves the right to amend, modify, or supplement the 10/29/2014 MMP
14 Plan at any time before confirmation (approval) of the 10/29/2014 MMP Plan, provided that
15 such amendments or modifications do not materially alter the treatment of, or Distributions to,
16 Creditors and the Interest holder under the Plan.

17 **THIS DISCLOSURE STATEMENT CONTAINS INFORMATION**
18 **CONCERNING YOUR CLAIMS OR INTERESTS. PLEASE READ THIS**
19 **DOCUMENT WITH CARE. FOR THE CONVENIENCE OF CREDITORS AND**
20 **INTEREST HOLDERS, THIS DISCLOSURE STATEMENT SUMMARIZES THE**
21 **TERMS OF THE PLAN, BUT THE PLAN ITSELF CONTROLS OVER THIS**
22 **SUMMARY. IF ANY INCONSISTENCIES EXIST BETWEEN THE PLAN AND THIS**
23 **DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.**

24 **THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS**
25 **OTHERWISE INDICATED, IS UNAUDITED. IN ADDITION, BECAUSE OF THE**
26 **DEBTOR'S FINANCIAL DIFFICULTIES AND BECAUSE THE PROPONENT OF**
27 **THE PLAN IS MR. MOORE RATHER THAN THE DEBTOR, THE INFORMATION**
28 **CONTAINED HEREIN MAY BE INCOMPLETE OR INACCURATE. FOR THE**
29 **FOREGOING REASONS, MR. MOORE AND HIS PROFESSIONALS ARE UNABLE**
30 **TO WARRANT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT**
31 **ANY INACCURACY. HOWEVER, GREAT EFFORT HAS BEEN MADE TO**
32 **ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.**

33 **THE PROFESSIONALS REPRESENTING MR. MOORE HAVE RELIED ON**
34 **INFORMATION PROVIDED BY THE DEBTOR IN CONNECTION WITH THE**
35 **PREPARATION OF THIS DISCLOSURE STATEMENT AND HAVE NOT**
36 **INDEPENDENTLY VERIFIED THE FACTUAL INFORMATION CONTAINED**
37 **HEREIN. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE**
38 **CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. YOU SHOULD CONSULT**

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **WITH YOUR OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX**
2 **AND RELATED MATTERS CONCERNING YOUR CLAIMS OR INTERESTS.**

3 **THE SECURITIES AND EXCHANGE COMMISSION HAS NOT**
4 **APPROVED OR DISAPPROVED THIS DISCLOSURE STATEMENT, OR**
5 **DETERMINED IF IT IS TRUTHFUL OR COMPLETE.**

6 **ARTICLE II.**

7 **DEFINITIONS.**

8 Defined terms used in this 10/29/2014 MMP Disclosure Statement have the meaning
9 assigned and attributed to them in the accompanying 10/29/2014 MMP Plan.

10 **ARTICLE III.**

11 **OVERVIEW OF CHAPTER 11 AND PLAN**

12 **A. The Chapter 11 Process.**

13 The filing of a Chapter 11 bankruptcy petition creates a bankruptcy “estate” comprised
14 of all of the property interests of the debtor. In many Chapter 11 cases, a debtor will remain in
15 possession and control of its assets as the “debtor-in-possession” of the Estate. In such
16 instances, the debtor may continue to operate its business in the ordinary course without
17 Bankruptcy Court approval. The filing of the bankruptcy petition operates as an “automatic stay”
18 which, generally, enjoins creditors from taking any action to collect or recover obligations
19 owed by a debtor prior to the commencement of a Chapter 11 case. The Bankruptcy Court can,
20 however, grant relief from the automatic stay under certain specified conditions or for cause.
21 For example, in this case relief from stay has recently been granted by the Court to permit
22 resolution through arbitration of a dispute between Mr. Leckrone and Patriot, concerning the
23 makeup of the board of PDS.

24 A Chapter 11 debtor-in-possession has a period of time following the commencement of
25 the case in which only the debtor may propose a plan providing for the liquidation and
26 administration of the assets of the bankruptcy estate or for the reorganization of the debtor’s
27 financial affairs and eventual emergence from bankruptcy. This time set aside for the
28 submission of a debtor-promulgated plan is known as the “Exclusivity Period.” A Chapter 11
plan may either be consensual or non-consensual; it may provide, among other things, for the

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 treatment of the claims of creditors and interests of equity holders.

2 During the Exclusivity Period in this case, the Committee and the debtor-in-possession
3 engaged in discussions and negotiations over many months following the filing of Debtor's
4 petition in March 2013, in an attempt to reach agreement on a consensual Chapter 11 plan.
5 Those discussions and negotiations failed to produce a consensual plan.

6 Finally, on December 5, 2013, the Bankruptcy Court, at the request of the Committee,
7 terminated the Exclusivity Period. The end of the Exclusivity Period permits any interested
8 party, including the Committee but certainly not excluding the debtor-in-possession, to propose
9 and file its own Chapter 11 plan. Accordingly, on February 14, 2014, the Committee proposed
10 its own Chapter 11 plan for Debtor TPL.

11 Between February 14, 2014, and August 28, 2014, there was no discernible progress in
12 this case. Neither the Committee's original plan nor the debtor-in-possession's original plan
13 was ever been presented to the Court for disclosure statement approval or to permit a vote by
14 the entitled and enabled creditors. Instead, the debtor-in-possession and the Committee engaged
15 in many months of fruitless negotiations, again seeking the consensual plan that eluded them
16 during the Exclusivity Period.

17 During the months between February 2014 and the end of August 2014, multiple
18 hearings were set by the debtor-in-possession and Committee to present their consensual plan
19 or to provide for a schedule for hearing on its disclosure statement. At least seven times, reports
20 of progress were made, but no plan or disclosure statement was proffered, and the hearing was
21 continued.

22 In light of representations of progress, the Bankruptcy Court ordered debtor-in-
23 possession and the Committee to submit and file their consensual Chapter 11 plan and its
24 disclosure statement by August 8, 2014, with a short, one-week period for comment on the
25 disclosure statement to follow.

26 Debtor-in-possession and the Committee ignored the Court's August 8, 2014 deadline,
27 without excuse or explanation.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 While debtor-in-possession and the Committee debated and negotiated the terms of a
2 still-nonexistent Chapter 11 plan, the MMP Portfolio has languished. No MMP Portfolio
3 license issued between August 2013 and September 11, 2014. Belatedly, and with timing
4 suspicious to Mr. Moore, an MMP license was announced on September 11, 2014. That single
5 license was issued to an operator of amusement parks. Amusement parks do not make products
6 that use microprocessors. Regrettably, this license appears to be the very type of end-user
7 license that is the hallmark of a patent troll (in Mr. Moore's view, patent trolls often demand
8 compensation for licensing end-users of products that incorporate patented technologies, rather
9 than compensation from the manufacturer of the offending product itself). Mr. Moore's efforts
10 to obtain information about the gross revenue to be expected from this one-in-13-months
11 license were rebuffed by PDS, because the license price is deemed "confidential." Mr. Moore
12 has since learned that this single license is in fact trivial in amount.

13 Patents within the MMP Portfolio will begin expiring shortly. In particular, the
14 cornerstone MMP patent – known as the '336 patent – will expire in mid-2015, making
15 renewed MMP licensing a matter of urgency. By any measure, Debtor TPL is in need of a fresh
16 start and a new direction.

17 It is against this backdrop that Mr. Moore -
18 - the co-inventor of the MMP Portfolio of patents,
19 - still the person with the greatest individual stake in the success of the commercialization of
20 his invention, and
21 - a creditor in this case,
22 has prepared his 10/29/2014 MMP Plan, *a Chapter 11 plan to move Debtor TPL forward.*

23 **B. Creditors to Be Paid in Full Pursuant to Plan.**

24 The 10/29/2014 MMP Plan provides for payment in full (with interest) to Creditors
25 holding Allowed Claims, over a period of five years (subject to further extension upon
26 Bankruptcy Court approval). Distributions to Creditors will occur quarterly under the
27 10/29/2014 MMP Plan.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **C. Overview of the Plan.**

2 A copy of the 10/29/2014 MMP Plan accompanies this 10/29/2014 MMP Disclosure
3 Statement. The summary of the material provisions of the 10/29/2014 MMP Plan herein is
4 intended only to provide a general description of that Plan and is qualified in its entirety by the
5 specific provisions of the 10/29/2014 MMP Plan, including its definitions of certain terms used
6 below. For more specific information concerning the 10/29/2014 MMP Plan, refer to the Plan
7 itself.

8 *Mr. Moore believes that this 10/29/2014 MMP Plan offers the best opportunity to*
9 *yield recoveries that will far exceed recoveries expected under plans previously developed by*
10 *the debtor-in-possession and by the Committee, under any consensual joint plan that the*
11 *debtor-in-possession and the Committee might yet submit, or in a Chapter 7 case.*

12 *Accordingly, Mr. Moore urges all Creditors to vote for the 10/29/2014 MMP Plan.*

13 **D. Confirmation Hearing.**

14 The Bankruptcy Court will conduct a hearing to consider confirmation of the Plan.
15 Creditors and parties of interest will receive a notice accompanying this 10/29/2014 MMP
16 Disclosure Statement identifying the date, time and place of the Confirmation Hearing, and
17 identifying the requirements for filing and serving objections, if any, to confirmation of the
18 Plan.

19 The Confirmation Hearing may be adjourned from time to time without further notice
20 except for the announcement of the adjournment date made at the Confirmation Hearing or any
21 subsequently adjourned Confirmation Hearing.

22 **ARTICLE IV.**

23 **HISTORY AND PRESENT POSTURE OF THE BANKRUPTCY CASE.**

24 **A. History and Description of the Business.**

25 **1. The Debtor's History.**

26 TPL commercializes several intellectual property portfolios, including the MMP
27 Portfolio, the Fast Logic portfolio (which relates to high-speed logic circuits), and the CORE

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Flash portfolio (flash-media cards).

2 *Portfolio Monetization*

3 TPL divides the rights inherent in IP ownership into three distinct pieces:

- 4 • **Commercialization:** The ability to represent the patent owner and / or licensor in their
5 quest to monetize patents through licensing.
- 6 • **Licensing:** A person or entity that holds the right to grant a license for use of a patent
7 or a portfolio of patents.
- 8 • **Ownership:** A person or entity that owns a patent or portfolio of patents, entitling such
9 owner to commercialize, license, litigate and enforce patent rights to the patents, or
10 grant other entities the right to commercialize and / or license & litigate the patents.

11 Splitting the rights in this manner provides TPL a great deal of flexibility in being able
12 to control portfolios through various entities, most of which are owned or controlled by Mr.
13 Leckrone.

14 *MMP Monetization*

15 The monetization program for the MMP Portfolio is the most complicated of all the
16 TPL Intellectual Property assets; it therefore provides an excellent illustration of the
17 complexities and conflicts of interest between Mr. Leckrone and the various Leckrone-owned
18 organizations that manage some or all of the portfolio operations.

19 In 2002, TPL signed a series of agreements with Mr. Moore, allowing TPL to become
20 the licensing and monetization entity for the MMP Portfolio of Patents. A review of the
21 agreements shows that Mr. Moore signed the following agreements:

- 22 • The CHM / TPL ComAg Agreement (“MMP ComAg”)
23 • The CHM / TPL Assignment (MMP Assignment”)
24 • The CHM / TPL Licensing Agreement (MMP License”)

25 The ComAg Agreement provided TPL with, among other things the exclusive, worldwide right
26 to commercialize the MMP Portfolio. These rights included the exclusive right to license the
27 MMP technology, and to use its licensing personnel to implement the commercialization of the

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)



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4 MMP technology. TPL also agreed to commercialize new technology then being developed by
5 Mr. Moore, which would later become the Array (SEAFORTH) technology. In exchange for these
6 rights, Mr. Moore was to receive a royalty equal to 55% of the net recovery realized through
7 commercialization. Interestingly, no right duty or privilege of the MMP ComAg could be
8 assigned by either party without the prior written consent of the other party, and to do so
9 without the consent of the other party made that assignment of right voidable by the other party.
10 In fact, all three agreements (ComAg, License & Assignment) have this provision.

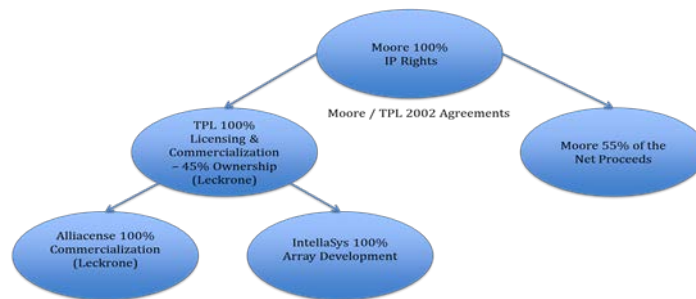
11 The Commercialization program took off in earnest in Q3 of 2004 with the 1st MMP
12 license signed by Intel. TPL set up shop in a small office off Stevens Creek Blvd in Cupertino,
13 CA. TPL at that time had two divisions as part of the TPL Group. The first division was
14 IntellaSys, led by its CTO, Mr. Moore and CEO, Chet Brown (“Mr. Brown”). The second
15 division was Alliacense, the IP licensing company run by Mr. Leckrone’s son, Daniel Mac
16 Leckrone (“Mac Leckrone”).²

21
22
23 ² The issue as to whether Alliacense and IntellaSys could be claimed to be stand-alone corporations not affiliated
24 with TPL is unclear at best. The Debtor now maintains these companies were separate organizations. Yet, up
25 until at least 2012, both organizations were identified as “A TPL Group Enterprise” on the TPL, Alliacense and
26 IntellaSys websites. In addition, The CHM / TPL ComAg agreement (as well as the License and Assignment
27 Agreements) require that TPL be the commercialization and licensing entity for MMP. No other organization was
28 ever approved for this purpose by Mr. Moore. In any event, it is clear that Mr. Leckrone has incorporated more
than one “Alliacense” corporation, and that he merged the TPL-affiliated Alliacense into his own, wholly owned
Alliacense in or about 2010. The Leckrone-owned Alliacense is the entity currently (and solely) authorized to
license the MMP Portfolio of patents, and no licenses are being issued by Alliacense at this time. Absent urgent
measures, Debtor TPL will lack the MMP-generated revenues and resources needed to pay its creditors.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 So, in the beginning, there is an inventor, Mr. Moore, who is persuaded to allow TPL to
 2 commercialize and license his MMP technology as well as his to-be-developed next generation
 3 Array Technology. TPL gets the exclusive right to Commercialize (MMP ComAg) and license
 4 (MMP License), and receives a 45% ownership in the Patents (Assignment). Mr. Moore
 5 receives 55% of the net recovery after expenses, including the expenses associated with the
 6 development of the Array technology. There are three separate agreements, all of which
 7 require the agreement of the other party should there be an assignment of any of the rights
 8 associated with the program. Finally, TPL opens two divisions as part of the “TPL Group”,
 9 IntellaSys and Alliacense. IntellaSys is to create the new Array technology while Alliacense is
 10 to license the MMP technology. These entities were divisions of TPL and not separate
 11 organizations.
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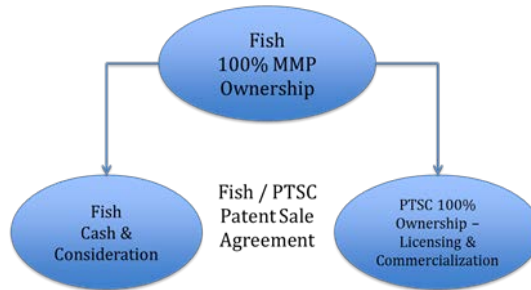
21 *Enter Patriot Scientific*

22 Mr. Moore’s ownership and commercialization agreements with TPL represented only
 23 50% of the actual ownership of the MMP Portfolio. As stated by the Debtor, MMP was
 24 originally developed by Mr. Moore and Russell Fish, and both men are listed as inventors on
 25 the MMP patents. Mr. Fish sold his ownership interest (as well as commercialization and
 26 licensing) in the patents to Patriot Scientific Corporation (“Patriot”) for an undisclosed sum of
 27 money and other consideration. The rules of patent ownership are such that any owner of a
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 portfolio (who thereby has licensing and commercialization rights) may sell or license those
 2 rights to any other party, without the consent of the other owners. **Each owner is considered a**
 3 **“100% owner” of the licensing and commercialization rights of the patents.** Thus, in the
 4 early years, any MMP license granted by TPL, would have to be recognized and honored by
 5 Patriot, and vice versa. Yet any royalties received by TPL for that license would not have to be
 6 shared with Patriot, and vice versa. Therefore, if there are two competing licensing programs
 7 for the same set of patents, there is a high probability that each side could be played against the
 8 other by potential licensors, eroding the value of the patent license through a race to the bottom.

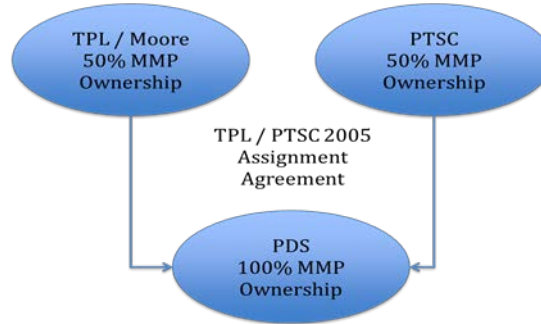


15 In 2005, Patriot filed suit against TPL asking the court for a declaratory judgment that
 16 Patriot was the sole owner of the MMP Patents. The court ruled against Patriot, finding that Mr.
 17 Moore was at least an inventor of the MMP patents and that TPL was at least an owner of the
 18 MMP portfolio. Understanding the potential that a unified ownership and licensing program
 19 for the portfolio could provide, TPL, Patriot and Mr. Moore negotiated an agreement between
 20 the parties creating the joint venture known as Phoenix Digital Solutions (“PDS”). PDS would
 21 hold the ownership of the patents in a single entity, with that entity being 50% owned by both
 22 TPL and Patriot. TPL was granted the exclusive right to license and commercialize the
 23 portfolio from Patriot, and was given \$500,000 per quarter from PDS to fund the
 24 commercialization effort as a draw against a 15% commission of the gross proceeds generated
 25 by the commercialization of the portfolio. As part of the settlement, Patriot was given the first
 26 \$20 million in royalty payments distributed by PDS. After that, Patriot and TPL would split the

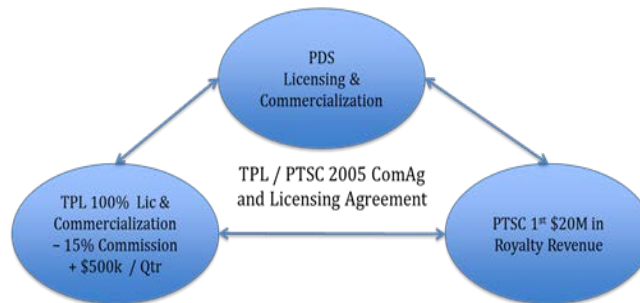
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 royalty payments 50 /50. Mr. Moore was to receive his 55% share from the distribution from
2 PDS to TPL.



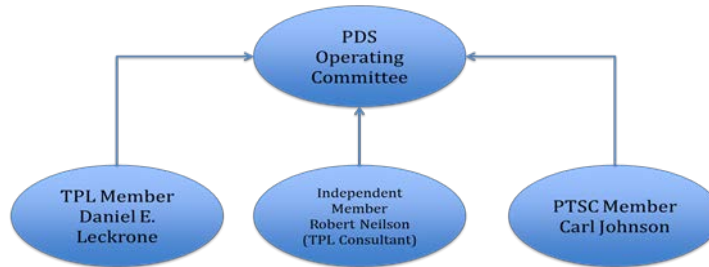
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8 Both TPL and Patriot had a membership seat on the PDS Operating Committee, and
9 each member had a vote and shared responsibility for running day-to-day operations and
10 developing the strategic direction of the company. There was a 3rd seat on the Operating
11 Committee, which was to be held by an independent 3rd party acceptable to both TPL and
12 Patriot. This seat was to break any ties that might occur in case of disagreement between TPL
13 and Patriot.



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21 TPL and Patriot agreed on Robert Neilson as the “independent” third seat on the PDS
22 Operating Committee. On or about the time of Mr. Neilson’s appointment to the PDS
23 Operating Committee, Mr. Neilson accepted a position as a consultant to TPL, for which he
24 received a generous salary as well as other compensation in the form of a percentage of TPL
25 MMP royalties. Indeed, Mr. Neilson today has an unsecured claim against TPL of over \$1.2
26 million.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)



Until 2010, Mr. Leckrone, through his ownership of TPL, retained 100% of the licensing and commercialization rights to the MMP portfolio. He also retained a de facto 2/3 majority on the PDS operating committee, given the TPL consulting agreement with Mr. Neilson. TPL received \$500,000 per quarter as a non-refundable draw against a 15% commission received on gross royalties, as well as reimbursement for direct licensing and litigation expenses.

Alliacense

The Debtor maintains that Alliacense is now and always has been a separate entity from TPL. Mr. Moore disputes this claim. Alliacense Limited LLC is a Delaware corporation (Registration # 4335763). It was formed on April 17, 2007, five years after the MMP commercialization program began. From the start, Alliacense was always represented to be by Mr. Leckrone a “TPL Enterprise” and part of the “TPL Group”. It was listed on both the TPL and Alliacense websites in this relationship at least through 2012. The Debtor has previously stated that there was no written agreement between the two organizations until 2012. The President and the Sr. Vice President of Licensing for Alliacense maintain that they have compensation agreements (oral agreements, as it happens) with TPL, not Alliacense. (They are creditors in this case, whose claims will be examined by the Chapter 11 Trustee under the 10/29/2014 MMP Plan.)

When licensing began in earnest at the end of 2004, all members of the TPL Group worked for (were paid by) TPL, not Alliacense or IntellaSys. Engineers working for IntellaSys routinely provided engineering support to Alliacense, without any chargeback or accounting of

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 time. Members of Alliacense routinely provided IP support analysis for new patents being
2 developed for IntellaSys. Mr. Moore was never made aware of the “independent” nature of
3 Alliacense, and his ComAg agreement clearly requires that all commercialization and licensing
4 was to be done by TPL and no other company. This arrangement was confirmed in the October
5 2007 Amendment to the ComAg agreed to by Mr. Moore and TPL.

6 In 2005, Patriot granted TPL all of its licensing and commercialization rights. Any
7 future change in those rights requires the approval of all the signatories to the 2005 TPL /
8 PATRIOT ComAg, licensing and Assignment agreements. Those signatories were TPL (Mr.
9 Leckrone), Patriot (Mr. Johnson) and Mr. Moore. If Alliacense were a separate organization as
10 the Debtor now insists, then in order for it to commercialize the MMP portfolio, it would have
11 required the approval of all three signatories. No such approval exists.

12 *2012-2014 Agreements*

13 After years of acrimony and litigation between TPL and Patriot, a new set of
14 agreements was signed between and among PDS, TPL, Alliacense and Patriot. Mr. Neilson
15 resigned from the PDS Operating Committee in 2010. PDS has not had a tie-breaking member
16 on the Operating Committee since that time. Without a tie-breaking vote on the PDS Operating
17 Committee, either TPL or Patriot can create an impasse at PDS, impeding or preventing action
18 by that company.

19 In 2012, there was a significant ruling in the Brown vs TPL state court case (Mr. Brown,
20 once Mr. Leckrone’s friend with a close working relationship with him, was suing for Mr.
21 Leckrone for breach of contract). The judge in that Santa Clara County Superior Court case
22 ruled that the calculation of the Brown’s percentage of royalties should be based on the gross
23 amount of any license as to which TPL was named as the licensor. Since TPL was the licensor
24 of record for the MMP licenses, the amount owed to the Browns was based on the **total value**
25 **of the license**, and not the 50% of the value that would be due to TPL (50% going to Patriot),
26 and without regard to Mr. Moore’s right to 55% of the net MMP licensing revenue being paid
27 to TPL. Following this ruling, TPL negotiated a new agreement with PDS – an agreement that

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 would make PDS the licensor, not TPL, thereby depriving Mr. Brown of much of the recovery
2 that the trial court ruling provided him.

3 The result was a new 2012 agreement between TPL and Patriot that purported to shift
4 licensing authority to PDS from TPL. Mr. Moore was not consulted, and did not provide his
5 written consent to this change to his detriment.

6 Further, Mr. Leckrone now desired to shift commercialization authority to his now-
7 wholly owned Alliacense company. Needing agreement from all of PDS, Patriot and MR.
8 Moore to this further change, the resulting agreement again excludes Mr. Moore. The result is a
9 transfer of all MMP licensing authority to Alliacense, which maintains its control of MMP
10 licensing to this day and will continue to hold such licensing rights absent approval of the
11 10/29/2014 MMP Plan.



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16 Essentially, after completing the transactions between PDS, TPL and Alliacense,
17 licensing and commercialization were no longer the province of TPL, but were now in the
18 hands of Alliacense. TPL received no consideration for giving up these very valuable licensing
19 assets.

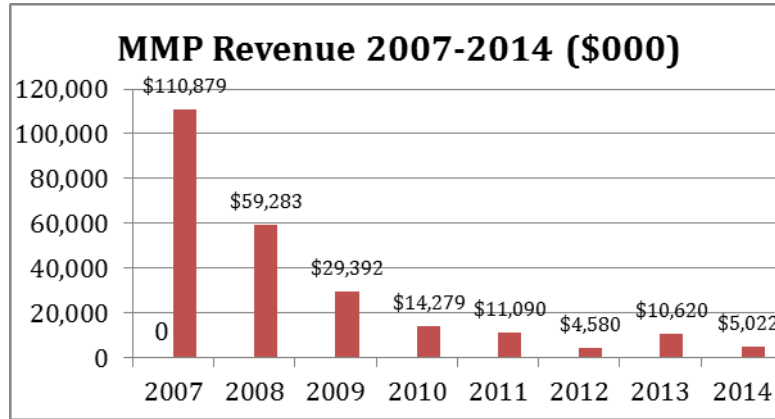
20 Between 2007 and 2014, the MMP commercialization program collapsed. From
21 earning over \$100 million in 2007, MMP monetization declined dramatically. In fiscal 2014,
22 total MMP royalties were just \$5 million (with no royalties paid from August 2013 – August
23 2014.³

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27 ³ Data sourced from Patriot Scientific Corporation 10K Annual Reports to the Securities and Exchange
28 Commission, 2007-2014. Note: PATRIOT does not report earnings on a calendar year basis, but on a fiscal year
basis. The PATRIOT fiscal year ends May 31 each year.

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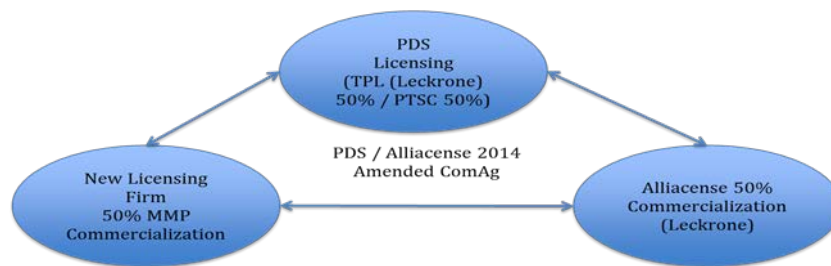
DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

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After putting TPL into bankruptcy in March 2013 (with the Brown judgment about to be collected against TPL), Mr. Leckrone resigned his position as CEO of TPL in March 2014.. Mr. Leckrone then picked Mr. Venkidu as TPL’s successor CEO, and Mr. Venkidu has also assumed the role of TPL representative to the PDS Operating Committee. It appears the Committee, for reasons that remain unclear, approved Mr. Leckrone’s choice of Mr. Venkidu as TPL’s replacement CEO.

Recently, PDS, Patriot and Mr. Venkidu negotiated changes to the Alliacense commercialization agreement, providing that in theory Alliacense would “share” 50% of the commercialization of MMP with a second commercialization entity chosen by Patriot. Again, Mr. Moore was not notified of this material change to the PDS Operating and Commercialization agreements; his written consent was not obtained. Alliacense is to date resisting its duties under the new July 2014 Agreement, in particular refusing to identify its target infringers, split the list of those infringers with Patriot’s chosen licensing firm, and refusing to share the work product that TPL and Alliacense developed using MMP revenue (claim charts, notices, infringer communications and the like).



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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Mr. Moore understands the need for employing a new commercialization entity, as
2 Alliacense has proven that it is unable or unwilling to monetize the MMP portfolio. His
3 solution is set out below.

4 TPL may yet emerge as a viable operating entity, but only if the current dead weight of
5 Alliacense is case aside, and a new direction for TPL and its licensing effort is provided. The
6 10/29/2014 MMP Plan provides a feasible means to work this necessary change.

7 *Non-MMP Portfolios*

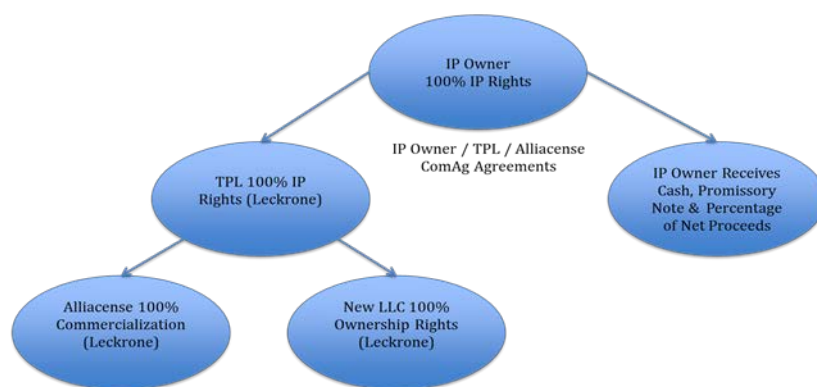
8 The non-MMP portfolios did not have nearly the complexity or adverse history of MMP,
9 but share many similar aspects. These portfolios all followed the same general program, which
10 included:⁴

- 11 • Portfolio owners either approached TPL or were approached by TPL to have TPL
12 manage the commercialization and monetization of the portfolios. IP owners were led
13 to believe that Alliacense was a division of TPL and not a separate entity (“A TPL
14 Enterprise”).
- 15 • TPL would then buy the portfolios, by paying some cash up front and TPL incurring a
16 debt via promissory note, which would be secured by the IP assets via UCC-1. The IP
17 owners may have also receive a percentage of the “net proceeds” (or other
18 consideration) for selling their IP assets to TPL.
- 19 • TPL would then transfer the ownership of the IP assets to a company wholly owned by
20 Mr. Leckrone. TPL would receive no consideration for this transaction.
- 21 • TPL would maintain licensing rights, but Mr. Leckrone would transfer
22 Commercialization rights to Alliacense, with TPL receiving no consideration for giving
23 up these rights. Expenses associated with the commercialization effort were “shared”
24 among the various portfolios under TPL management.

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27 ⁴ We are writing in general terms as the absolute knowledge of each deal is not known by Mr. Moore. This
28 system was also briefly described in the Joint Plan for Reorganization Disclosure Statement.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)



The net result of these transactions is to leave TPL with the burden of the debt incurred in patent acquisition, while the IP assets – the security backing the promissory note making the purchase possible – have been transferred to another entity owned by Mr. Leckrone, with no relationship to TPL. TPL received no consideration for giving up these rights; Mr. Leckrone continues to control the IP assets and stands to receive substantial returns from any successful licensing or litigation involving those assets.

Other TPL litigation/the “FastLogic” case. TPL is also a party to other pending MMP litigation in various federal courts. Results in those cases have not been realized, and the 10/29/2014 MMP Plan makes no assumption or provision for recoveries that might be realized in those cases. The 10/29/2014 MMP Plan assumes and anticipates that the Chapter 11 Trustee will assume supervision and responsibility for such pending MMP litigation.

TPL is also a party to non-MMP litigation involving other patent portfolios as to which it retains licensing rights (actual ownership of those patent portfolios has in the main been transferred without consideration to Mr. Leckrone or to a Leckrone entity owned by him). Again, results in those cases have not been realized; the 10/29/2014 MMP Plan makes no assumption or provision for recoveries that might be realized in those cases. One such case, however, requires mention and discussion.

TPL is one of two parties plaintiff in litigation pending before the United States District Court for the District of Delaware. The case is captioned “*HSM Portfolio, LLC, and*

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 *Technology Properties Limited, LLC, v. Fujitsu Limited, et al.*,” Civil Action No. 11-770-RGA
2 (D.Del.). Mr. Moore understands that HSM Portfolio, LLC (“HSM”) is a Leckrone Entity
3 corporation, owned by Mr. Leckrone, and that HSM, not TPL, is the owner of record of the so-
4 called “Fast Logic” portfolio of patents. Debtor TPL’s role in the litigation, its stake in the
5 outcome, and the costs and risks that it bears, are all unknown to Mr. Moore.

6 Fujitsu Limited is one of six major electronic-firm defendants accused of infringing one
7 or more of the Fast Logic patents. Two other defendants are STMicroelectronics, N.V. and
8 Sandisk Corporation. STMicroelectronics, joined by Sandisk, has filed papers in the
9 Bankruptcy Court requesting and requiring that Mr. Moore disclose “adequate information”
10 about this “Delaware Fast Logic Litigation.”

11 In its objection to the adequacy of information provided by Mr. Moore in this disclosure
12 statement, STMelectronics contends as follows:

13 3. In the Delaware Fast Logic Litigation, the Debtor continues to assert
14 infringement claims against defendants, Micron Technology Inc., Sandisk
15 Corporation, STMicroelectronics, Inc., STMicroelectronics N.V., Toshiba
16 Corporation, Toshiba America Inc., and Toshiba America Electronic Components
17 Inc. (Case No. 11-cv-770, pending in the U.S.D.C., District of Delaware (the
18 “Delaware Court”) alleging patent infringement of select patents in Debtor’s Fast
19 Logic Portfolio, which is comprised entirely of now-expired patents. The Debtor
20 continues to claim that STMicro infringed U.S. Patent 5,030,853 (the “853 Patent”).
21 The defendants have vigorously defended the patent infringement claims, and
22 certain defendants also filed counterclaims for non- infringement and invalidity of
23 all asserted patents.

24 4. On June 17, 2014, the Delaware Court issued its “Markman” ruling
25 which considered and expressly rejected the Debtor’s proposed construction of
26 multiple critical claim terms, including the “predetermined factor” term, which is
27 contained within every asserted claim of the 853 patent, attached as Exh. A. The
28 Delaware Court ruled that “predetermined factor” must be defined by “Equation 37,
and only that equation.” (Exh. A, Markman Op. at 5). Further, the Court ruled that
“while the patent discusses the design process, the claims are drawn to the finished
product.” *Id.* The Court commented that because Equation 37 includes variables
such as “desired rise time” that are not discernible from finished products, “proving
infringement using Equation 37 thus appears to present difficult issues.” *Id.*

5. Notably, after the Markman ruling, STMicro provided notice to the
Debtor and counsel for Mr. Moore that they will *seek to have their legal fees borne
by the Debtor in accordance with 35 U.S.C. §285* if the Debtor persists in its
pursuit of the Delaware Fast Logic Litigation. Pursuant to 35 U.S.C. §285, a
prevailing party in patent litigation may recover its reasonable legal fees from the
opposing party in “exceptional cases” such as the present case where a plaintiff
persists in pursuing infringement litigation where no reasonable litigant could
realistically expect success in its infringement case in light of the Markman ruling.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 6. While there has been no final decision in the Delaware Fast Logic
2 Litigation and no award of fees yet, in light of the Markman decision in the case,
3 such an award is a distinct possibility and certainly cannot be ruled out as a risk of
4 litigation.

5 7. ***The defendants in the Delaware Fast Logic Litigation have***
6 ***incurred millions of dollars in legal fees and costs to date, and this amount will***
7 ***continue to grow significantly if the Debtor or a trustee acting on its behalf***
8 ***proceeds with the Delaware Fast Logic Litigation.***

9 8. Counsel for STMicro has also advised counsel for Mr. Moore and
10 counsel for the Debtor that ***it may seek administrative expense treatment for any***
11 ***fees awarded to it as a result of the postpetition damages that the pursuit of the***
12 ***frivolous Delaware Fast Logic Litigation against STMicro causes, including the***
13 ***reasonable legal fees that STMicro is forced to incur. Other defendants in this***
14 ***same litigation are aware of STMicro's strategy and may make similar claims.***
15 Certainly, in light of the statutory authorization and the results of the Markman
16 hearing, the fee shifting permitted under 35 U.S.C. §285 is a risk factor that should
17 be disclosed to all creditors voting on any plan that contemplates the pursuit of
18 litigation that will result in not only substantial attorneys' fees for the Debtor's
19 estate as plaintiff but also the possibility of an award of substantial legal fees to
20 separate counsel for multiple defendants.

21 **Objection of STMicroelectronics, Inc., To Disclosure Statement Re: Moore Monetization**
22 **Plan of Reorganization Dated August 28, 2014, at 2:9 – 3:23 (*emphasis* supplied).**

23 Mr. Moore has no knowledge or information concerning the probability or likelihood of
24 any of the adverse events suggested by these Delaware Fast Logic Litigation defendants.

25 Should attorney's fees and costs be assessed in the amounts indicated in the above objection,
26 the payment schedule set out in the 10/29/2014 MMP Plan may be retarded or otherwise
27 impacted adversely.

28 Mr. Moore understands that Mr. Leckrone's company Alliacense provides litigation
support for plaintiffs HSM and Debtor TPL in the Delaware Fast Logic Litigation. Payments to
Alliacense for litigation support are costs that must be paid regardless of outcome of the case.
Mr. Leckrone's company Alliacense, not a party to the case, will not be liable for any costs or
attorney's fees assessed against HSM and TPL if, as STMicroelectronics and Sandisk suggest,
the defendants prevail and the court assesses prevailing party attorney's fees in favor of the six
defendants and against HSM and TPL.

 The 10/29/2014 MMP Plan anticipates that the Chapter 11 Trustee will assume
supervision and responsibility for Debtor TPL's participation in the Delaware Fast Logic
Litigation, including without limitation a determination of whether the continuing costs and

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 risks of loss to Debtor TPL are worth whatever benefit might be realized by Debtor TPL under
2 its presently unknown agreement with HSM concerning division of the proceeds of the case.

3 *A fresh start for TPL.* The 10/29/2014 MMP Plan eliminates any basis for
4 characterization of TPL, PDS, Mr. Moore or their new licensing agent as patent trolls. The
5 10/29/2014 MMP Plan changes Debtor TPL's posture from patent aggregation to patent
6 enhancement.

7 **2. Events Precipitating the Bankruptcy Filing.**

8 The Debtor's previous Disclosure Statement asserted that TPL's slide into bankruptcy
9 arose from "TPL's cash flow and liquidity [having] suffered over the past five years for two
10 primary reasons, the first resulting from a change in the intellectual property business
11 environment, and the second as a result of the failed business strategy of IntellaSys". The
12 bankruptcy filing was precipitated by the immediate threat of the entry of the Browns Judgment
13 of \$10 million, which now constitutes the Browns Claim.

14 **B. Summary of Events During The Bankruptcy Case.**

15 **1. Commencement of the Bankruptcy Case.**

16 On March 20, 2013 (the "Petition Date"), the Debtor filed its Voluntary Petition under
17 Chapter 11 of the Bankruptcy Code. Presently, the Debtor is operating as a debtor in
18 possession pursuant to the provisions of Sections 1107 and 1108 of the Bankruptcy Code. The
19 Debtor's counsel is as follows:

20 Heinz Binder / Robert G. Harris
21 Binder & Malter, LLP
22 2775 Park Avenue
Santa Clara, CA 95050

23 **2. Official Unsecured Creditors' Committee.**

24 The Committee was appointed in the Bankruptcy Case on June 17, 2013 and consists of
25 the following members: Chester A. Brown, Jr. and Marcie Brown, Patriot Scientific Corp.,
26 Beresford & Co., the Former Chipscale Shareholders, Farella Braun & Martel, LLP, the Estate
27 of James Kirkendall and Dr. Zlatan Ribic GmbH.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 The Committee's counsel is as follows:

2 John Walshe Murray
3 Dorsey & Whitney LLP
4 305 Lytton Avenue
5 Palo Alto, CA 95014

6 **3. Appointment of Responsible Person.**

7 The Local Rules require in business cases that an individual be designated by the Court
8 as the natural person to act on behalf of the business in the Bankruptcy Case. Pursuant to an
9 order entered by the Bankruptcy Court on March 25, 2013, Daniel E. Leckrone, the sole
10 member of the Debtor, was appointed the Responsible Person in the Bankruptcy Case.

11 **4. Retention of Professionals.**

12 During the Bankruptcy Case, the Debtor has employed Binder & Malter, LLP, as its
13 general bankruptcy counsel to assist it in its reorganization efforts. In addition, pursuant to the
14 Debtor's motions, the Court appointed the following professionals: Agility IP Law, LLP, the
15 Simon Law Firm, P.S., Bragalone Conroy, PC, Farnan LLP, Ropers Majeski Kohn & Bentley,
16 Adelson, Hess & Kelly APS, and Henneman & Associates, all as its special counsel, and Fulop
17 Business Tax Services, as its accountant.

18 The Committee has employed Dorsey & Whitney LLP as its counsel during the
19 Bankruptcy Case.

20 **5. Allowance of Fees of Court-Appointed Professionals.**

21 To date, there has been one application filed for the allowance of fees of the Court-
22 appointed professionals. On April 10, 2014, the Bankruptcy Court entered its "Order Re First
23 Application For Interim Compensation And Reimbursement Of Expenses By Attorneys For
24 Official Committee of Unsecured Creditors." Committee counsel Dorsey & Whitney LLP was
25 thereby allowed \$876,448.50 as an Interim Fee Award (with \$5,312.17 in expenses); the Court
26 deferring consideration of an additional \$292,149.50 requested by the firm.

27 **6. Use of Cash Collateral.**

28 Since the Petition Date, the Debtor has been authorized to use cash collateral.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

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7. Bankruptcy Administration Matters.

The Debtor has brought and has agreed to various motions for relief from stay to allow it to continue to prosecute and defend certain litigation matters.

After a contested hearing, the Debtor and the Committee agreed on a protocol for the Debtor to seek the consent of a subcommittee of the Committee (the “Settlement Committee”) to enter into any settlements with infringers or agreements to license the Patent Portfolios. This protocol is reflected in the Court’s Order on Motion Regarding Settlement Procedures (the “Settlement Protocol Order”) entered on May 7, 2013.

8. Assets.

TPL has listed in its June 2014 operating report a value for its assets of \$2,457,416; however, this total excludes claims, rights, and general intangibles the value of which TPL contends is presently impossible to estimate precisely. Assuming that TPL’s various patent portfolios can be fully commercialized through licensing programs for clients and infringement suits against violators over time, TPL asserts that its assets are worth well in excess of \$100 million.⁵ Under the 10/29/2014 MMP Plan, TPL stands to realize a substantial portion of that claimed asset value.

In addition, TPL owns databases used in connection with the licensing and commercialization of its patent portfolios. The value of these databases has not been listed in any schedule of TPL assets and cannot be determined by Mr. Moore.

9. Liabilities.

TPL lists in its June 2014 Operating report secured claims of \$10,728,180, priority unsecured claims of \$9,026,825 and general unsecured claims of \$50,014,917. Total liabilities for TPL are \$72,849,138 as of June, 2014. The 10/29/2014 MMP Plan provides for full payment of such of those liabilities as are advanced as claims by non-TPL insiders.

⁵ See “Chapter 11 Monthly Operating Report”, Technology Properties Limited LLC, Case number 13-51589, April 2014.
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1 **10. Post-filing Events.**

2 The Committee filed a motion to terminate the exclusive right of TPL to solicit and
3 confirm a plan of reorganization, which was granted by the Bankruptcy Court in December
4 2013. The Committee’s success in ending exclusivity led to the Committee’s preparation and
5 filing of its February 14, 2014 plan and disclosure statement (since abandoned). The
6 Committee also filed, but failed to press, a motion to appoint a chapter 11 trustee. It sought to
7 investigate and prosecute pre-petition claims against the insiders of the Debtor. The Committee
8 agreed to stay its investigation and prosecution of such claims in favor of negotiations with the
9 Debtor on a Joint Plan and Joint Disclosure Statement.

10 After nearly seven months of such negotiations – and in clear response to Creditor
11 Moore’s August 28, 2014 filing of his own Moore Monetization Plan of Reorganization and its
12 accompanying disclosure statement – the Debtor and the Committee filed their own Joint Plan.
13 This September 4, 2014 Joint Plan was eventually joined by an improperly delayed disclosure
14 statement. Hearing on the Debtor/Committee Joint Disclosure Statement occurred on October
15 14, 2014.

16 Mr. Moore’s counsel has received a copy of a September 18, 2014 “open letter” to the
17 Officers and Board of Directors of Patriot (Patriot is a TPL creditor with a representative
18 member on the Committee). This open letter is signed for and on behalf of 75 Patriot
19 shareholders, and by its terms it requests submission of a copy of the letter and its
20 accompanying shareholder list “in whatever form may be acceptable” to the Bankruptcy Court.
21 To accommodate that request, and in the interest of full disclosure of the position of all
22 interested parties and persons in this matter, a true and correct copy of this open letter in
23 support of Mr. Moore’s MMP Plan is attached as Exhibit 1 to this 10/29/2014 MMP Disclosure
24 Statement and is incorporated by this reference.

25 During the pendency of the Bankruptcy Case, several judicial decisions have been
26 entered. In the Debtor’s ongoing litigation before the ITC alleging infringement of claims of the
27 US’336 patent within the MMP portfolio, only three out of over 20 named defendants settled

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 by purchasing licenses under the patent. In September 2013, the ITC issued a decision finding
2 that none of the over 20 named defendants had infringed any of the claims. In October 2013, in
3 the litigation on the same issues in the Northern District of California, the District Court ruled
4 in favor of the Debtor against HTC Corporation, but only a tenth of the requested damages
5 were awarded to TPL.

6 In other, non-MMP litigation, TPL and the Leckrone entity HSN are plaintiffs
7 in Delaware federal court, asserting infringement of the “Fast Logic” patent portfolio
8 against six major electronics firms. In July 2014, plaintiffs TPL and HSN received
9 an adverse “*Markman*” ruling (a preliminary decision by the federal district judge on
10 the patent claims to be adjudicated in the infringement case). See Discussion at ***
11 above.

12 In March 2014 Mr. Leckrone resigned as Chief Executive Officer of TPL,
13 choosing secured creditor Swamy Venkidu as his replacement. Mr. Leckrone also
14 resigned his “TPL” seat on the Operating Committee of PDS, again promoting Mr.
15 Venkidu for that post. Mr. Venkidu is now the only employee of TPL. Mr. Leckrone,
16 however, retains his position as the Member of TPL in control of its reorganization.
17 Mr. Leckrone has recently provided the Court with several documents in support of
18 Mr. Venkidu’s status and appointment, including an *Amendment To the TPL*
19 *Operating Agreement* that outlines the duties Mr. Venkidu has with regard to

20 While the Debtor claims that TPL’s current bankruptcy is impeding MMP licensing and
21 beneficial settlements of TPL’s MMP-based litigation, Mr. Moore believes that the lack of
22 MMP revenues at TPL is a result indicative of the toxicity associated with the Debtor’s
23 management by Mr. Leckrone and his insiders, and the susceptibility of TPL, Alliacense and
24 Mr. Leckrone to identification under the pejorative and damaging label of “patent troll.”
25 Potential licensees are averse to engaging in negotiations with Mr. Leckrone’s companie,
26 (viewed as including TPL and Alliacense), and this aversion is now reinforced by the
27 minimized risk of infringement portended by the devastating losses suffered by TPL in the ITC

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 proceedings it initiated, the minimal success realized from the Northern District of California
2 ruling (losing party HTC declines to address the nominal jury verdict, taking the matter on
3 appeal to the Ninth Circuit Court of Appeals), and adverse testimony elicited from Mr. Leckrone
4 and his son during the HTC trial.

5 TPL's creditors have suffered long enough from TPL's association with Mr. Leckrone
6 and the absence of MMP licensing revenue from his company Alliacense. The Debtor here
7 stands in need of new management and a new direction.

8 **C. Secured Claims.**

9 **1. CCC**

10 CCC and TPL entered into an agreement in March of 2012 (the "Settlement
11 Agreement") to settle a lawsuit arising from TPL's lease of the property located at 20400
12 Stevens Creek Boulevard in Cupertino California. (*Cupertino City Center Buildings v.*
13 *Technology Properties Limited LLC*, Superior Court of California, County of Santa Clara Case
14 No. 110-CV-186192). Under the Settlement Agreement, TPL promised to pay CCC a total of
15 \$1.3 million in installments at \$50,000 per month over time. This promise was secured by a
16 continuing security interest in TPL's share of the proceeds of the following of certain portfolios.
17 CCC claims to have perfected its security interest by filing a UCC-1 with the California
18 Secretary of State on February 27, 2012.

19 **2. Daniel E. Leckrone**

20 Mr. Leckrone claims to have loaned in excess of \$3.8 million to TPL over the last 3
21 years preceding the TPL bankruptcy filing. The initial claimed loan , of some \$1 million, was
22 allegedly made in 2010. Mr. Leckrone and TPL parties executed a security agreement that
23 covered the current loan and any further loans of Mr. Leckrone to TPL. The security agreement
24 granted a security interest in all of TPL's property, including all intellectual property and
25 inchoate rights.

26 Mr. Leckrone claims to have perfected his security interest with the filing of a UCC-1
27 with the California Secretary of State on April 14, 2010. Mr. Leckrone subsequently

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 subordinated his security interest to that of CCC.

2 **3. Venkidu.**

3 Mr. Venkidu, TPL and other parties entered into a security agreement in April 2006 (the
4 “Venkidu Security Agreement”), which related to a multi-party transaction including TPL and
5 resulted in TPL obtaining certain rights with respect to a group of patents known variously as
6 the "CORE Flash Portfolio" or the MCM Patent Portfolio .

7 Under the Venkidu Security Agreement, Mr. Venkidu was granted a security interest in
8 the CORE Flash Portfolio. Mr. Venkidu recorded UCC-1 financing statements with the
9 California Secretary of State of California and claims thereby to have perfected his security
10 interests in the CORE Flash Portfolio and proceeds therefrom. Financing Statements were
11 recorded in 2006 and, following expiration, again on April 12, 2012. (Because of a lapse in
12 perfection of the Venkidu secured claim during 2012, the Venkidu claim is now behind the
13 Leckrone claim in lien priority.) During the Bankruptcy Case, the Court approved the granting
14 of a security interest in the MMP Portfolio as additional adequate protection of his pre-petition
15 security interest.

16 As of the date of commencement of this case, the debt claimed owing to Mr. Venkidu
17 was approximately \$5.2 million.

18 **4. Lien Priority**

19 TPL believes that CCC holds the first priority secured lien position on the collateral
20 securing its lien, owing to Mr. Leckrone’s subordination and Mr. Venkidu’s break in perfection
21 in 2012. TPL believes that Mr. Leckrone is the second priority lienholder on all assets against
22 which CCC holds a lien and first priority against all other TPL assets, again because of Mr.
23 Venkidu’s break in perfection in 2012. TPL believes that Mr. Venkidu is the third priority
24 lienholder on assets against which he holds a lien.

25 **D. The Debtor’s Unsecured Debts.**

26 TPL lists in its June 2014 operating report secured claims totaling \$10,728,180,
27 unsecured priority claims totaling \$9,026,825, and general unsecured claims totaling

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 \$50,014,917.

2 Much of the unsecured debt is held by insiders to TPL, Alliacense or Mr. Leckrone. The
3 10/29/2014 MMP Plan allows for these insiders to collect 20% of their Allowed Claims,
4 substantially more than they could ever hope to receive if this case were converted to Chapter 7,
5 and exponentially more than any would receive if the bona fides of their claims were
6 investigated and litigated.

7 **ARTICLE V.**

8 **CLAIMS AND EQUITY INTERESTS AND TREATMENT UNDER THE PLAN.**

9 The Claims against and Interests in the Debtor are designated and classified below, and
10 at Part II.B. of the 10/29/2014 Plan, for purposes of the Plan. The treatment of Claims
11 described below applies only to Allowed Claims. Distributions to holders of Claims which are
12 not Allowed Claims as of the Effective Date will be withheld in accordance with the
13 10/29/2014 MMP Plan's provisions for the treatment of Disputed Claims. Except to the extent
14 that the 10/29/2014 MMP Plan provides otherwise, a Claim or Interest that is properly
15 includable in more than one Class is classified in a particular Class only to the extent that it
16 qualifies within the description of that Class, and is placed in a different Class to the extent it
17 qualifies within the description of such different Class.

18 **A. Unclassified Claims:** § 1123(a)(1) of the Bankruptcy Code provides that certain
19 claims, including Administrative Claims and post-petition tax claims by governmental units
20 entitled to priority under § 507(a)(2) of the Bankruptcy Code, and pre-petition unsecured
21 Priority Tax Claims entitled to priority under § 507(a)(8) of the Bankruptcy Code are not
22 classified claims under a Chapter 11 Plan. Unclassified Claims are here expected to include
23 Professional Fee Claims of the Committee's Professionals and the Debtor's Professionals.

24 **B. Classified Claims:**

25 1. **Class 1 (Priority Claims).**

26 Class 1 consists of all Priority Claims.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

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2. Class 2 (CCC Claim).

Class 2 consists of the CCC Claim.

3. Class 3 (Leckrone Secured Claim).

Class 3 consists of the “Leckrone Secured Claim,” Mr. Leckrone’s secured claim that is here a Disputed Claim.

4. Class 4 (Venkidu Claim).

Class 4 consists of the Venkidu Claim.

5. Class 5 (Administrative Convenience Claims).

Class 5 consists of all Administrative Convenience Claims.

6. Class 6 (Non-Insider General Unsecured Claims).

Class 6 consists of **non-insider** general Unsecured Claims not included or provided for in any other Class, including all Unsecured Claims of vendors and trade Creditors for goods delivered or services provided to the Debtor prior to the Petition Date. Class 6 includes the Browns claim, which is based upon the Browns Judgment.

7. Class 7 (Employee Claims).

Class 7 consists of Employee Claims.

8. Class 8 (Non-Insider 13% Claims).

Class 8 consists of all Non-Insider 13% Claims, excluding the Browns Claim dealt with earlier.

9. Class 9 (Insider 13% Claims).

Class 9 consists of all Insider 13% Claims.

10. Class 10 (Insider Unsecured Claims).

Class 10 consists of all Insider Unsecured Claims.

11. Class 11 (Rejected Executory Contract Claims).

Class 11 consists of Claims resulting from rejected executory contracts.

12. Class 12 (Interests).

Class 12 consists of those parties who hold interests in Debtor TPL.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **ARTICLE VI.**

2 **TREATMENT OF UNCLASSIFIED CLAIMS**

3 Unclassified Claims shall be treated as follows:

4 **Administrative Claims.**

5 Except to the extent that the holder of a particular Administrative Claim has agreed to a
6 different treatment of such Claim, each holder of an Allowed Administrative Claim shall be
7 paid in cash, in full upon the later of: (a) the Effective Date; (b) if such Claim is initially a
8 Disputed Claim, if and when it becomes an Allowed Administrative Claim; and (c) if such
9 Claim is incurred after the Petition Date in the ordinary course of the Debtor's business, within
10 such time as payment is due pursuant to the terms giving rise to such Claim or as otherwise
11 authorized by the Bankruptcy Court.

12 Any request for allowance of an Administrative Claim, other than Professional Fee
13 Claims (discussed below), must be filed on or before the Administrative Claims Bar Date. If
14 the holder of an Administrative Claim does not file and serve a request for payment of such
15 Claim on or before the Administrative Claims Bar Date, the holder shall be forever barred from
16 asserting such Claim or receiving any payment on account of such Claim. Any objection to the
17 allowance of an Administrative Claim (excluding any Professional Fee Claims) shall be filed
18 no later than the Administrative Claims Objection Deadline. If no objection to the applicable
19 Administrative Claim is filed on or before that date, such Administrative Claim shall be deemed
20 Allowed as of that date. The foregoing is in full and final satisfaction of all Administrative
21 Claims.

22 **Professional Fee Claims.**

23 All final requests for payment of Professional Fee Claims must be filed with the
24 Bankruptcy Court and served on the Chapter 11 Trustee, the Reorganized Company, the United
25 States Trustee and other parties as designated by the Bankruptcy Court or applicable rules no
26 later than forty (40) days after the Effective Date. After notice and a hearing in accordance
27 with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Court in the Bankruptcy Case, if any, the Allowed Amounts of such Professional Fee Claims
2 will be determined by the Bankruptcy Court and, once Allowed pursuant to entry of an order by
3 the Bankruptcy Court, will be paid as promptly as practicable by the Reorganized Company.
4 Objections to Professional Fee Claims must be filed and served on the Chapter 11 Trustee, the
5 Reorganized Company, and the requesting party no later than seven (7) days prior to the
6 hearing on the applications for compensation by the Professionals.

7 **Priority Tax Claims.**

8 Except to the extent that the holder of a particular Priority Tax Claim has agreed to a
9 different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall be paid
10 in cash, in full upon the later of: (a) the Effective Date; and (b) if such Claim is initially a
11 Disputed Claim, if and when it becomes an Allowed Priority Tax Claim. The foregoing is in
12 full and final satisfaction of all Priority Tax Claims.

13 **ARTICLE VII.**

14 **TREATMENT OF CLAIMS NOT IMPAIRED UNDER THE 10/29/2014 MMP PLAN**

15 Under Bankruptcy Code Section 1124(1), a claim is impaired if the plan changes the
16 claim holder's legal, equitable, and contractual rights. Creditor Moore will treat all claims in
17 Classes 1 through 11 as Impaired under the 10/29/2014 MMP Plan; there are therefore no
18 unimpaired claims.

19 **ARTICLE VIII.**

20 **TREATMENT OF CLASSES OF CLAIMS AND INTERESTS**
21 **THAT ARE IMPAIRED UNDER THE 10/29/2014 MMP PLAN**

22 Holders of Claims in Classes 1 through 10 are Impaired under the 10/29/2014 MMP
23 Plan and shall receive the treatment under the 10/29/2014 MMP Plan as described below (the
24 creditors in Class 11, if any, being nonexistent prior to plan confirmation and unknown at this
25 writing or until plan confirmation, are neither impaired nor entitled to vote on the 10/29/2014
26 MMP Plan).

27 The treatment of Classes 1 through 11 is described at length and in detail in Part V of

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 the 10/29/2014 Plan; reference is made to that Part, which will not be repeated here. A chart of
2 claims is provided in Part V of the Plan to allow for easy identification of the Class designation
3 of each MMP Creditor.

4 **Class Members**

5 The 10/29/2014 MMP Plan provides a list of all class members, their Class, priority
6 amount, Secured amount and total amount claimed. Note: Some of the claims listed in the
7 10/29/2014 MMP Plan may be duplicates, some may be disputed as well and therefore may be
8 eliminated, reduced or reclassified from the list of claims.

9 **ARTICLE IX.**

10 **IMPAIRMENT OF CLASSES; VOTING OF CLAIMS**

11 Because no Class of creditors is deemed unimpaired by the 10/29/2014 MMP Plan,
12 Classes 1 through 10 will all vote on the Plan. Since Class 11 is nonexistent and unknown at
13 this time, any members of such class are deemed to accept the 10/29/2014 MMP Plan.

14 Each holder of an Allowed Claim in an Impaired Class of Claims shall be entitled to
15 vote separately to accept or reject the 10/29/2014 MMP Plan. For purposes of calculating the
16 number of Allowed Claims in a Class that has voted to accept or reject the Plan under § 1126(c)
17 of the Bankruptcy Code, all Allowed Claims in such Class held by one Person or Entity or its
18 “affiliate” (as defined in the Securities Act of 1933 and the rules and regulations promulgated
19 with respect to such Act) shall be aggregated and treated as one Allowed Claim in such Class;
20 provided, however, that Claims acquired by a Person or Entity from unrelated Entities shall not
21 be aggregated for purposes of voting.

22 **ARTICLE X.**

23 **IMPLEMENTATION OF THE PLAN:**

24 **A FEASIBLE ALTERNATIVE TO LIQUIDATION**

25 **A. Business Operations and Expenses of the Reorganized Company.**

26 Under supervision and management by the Chapter 11 Trustee, the Reorganized
27 Company will continue segments of TPL’s business operations (licensing and litigation
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 concerning the non-MMP portfolios of patents, following review and evaluation of the non-
2 MMP portfolios as to their viability and profitability), while taking TPL's MMP Portfolio
3 licensing and litigation operations in a new and productive direction.

4 At the outset, the Chapter 11 Trustee will review the Reorganized Company's to ensure
5 that its overhead is reduced to the lowest level possible. Only two TPL employees are
6 contemplated, the Chapter 11 Trustee (whose salary exclusive of benefits will not exceed
7 \$240,000 per annum) and an Administrative Assistant of the Chapter 11 Trustee's choosing at a
8 salary of not more than \$72,000 per annum, exclusive of benefits. The Chapter 11 Trustee shall
9 in addition hire accountants and counsel, but the total annual budget for TPL shall not exceed
10 \$1,000,000.

11 This reduction in overhead is put in place to permit immediate, maximum and
12 continuing payments to TPL's creditors over the anticipated five-year tenure of the 10/29/2014
13 MMP Plan, to the end that at the conclusion of the Plan, with all Classes of creditors paid
14 according to the Plan provisions, TPL can be returned to those holding Class 10 Interests. At
15 that point, Plan budgeting will cease, and management by TPL's owner can again be put in
16 place. Under the Plan, there is every reason to believe that TPL will emerge from bankruptcy as
17 a viable operating entity. Absent confirmation of the 10/29/2014 MMP Plan, TPL can look
18 forward to more of the same: a continuation of the management policies that compelled the
19 Debtor to seek Chapter 11 protection.

20 The Chapter 11 Trustee shall cause the Reorganized Company to establish the WCR at
21 its designated \$1,000,000 level, with the WCR funded by withholding from revenue the
22 Quarterly Payment up to \$1,000,000 over no fewer than two full calendar quarters after the
23 Effective Date. If at any subsequent time the WCR is reduced to less than \$1,000,000, the
24 Chapter 11 Trustee shall withhold from Quarterly Payment revenues the amount necessary to
25 replenish the WCR to its \$1,000,000 level.

26 **B. New Management**

27 The 10/29/2014 MMP Plan contemplates the removal of Mr. Leckrone, for the duration
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 of the Plan, as an officer, director or manager of TPL. The Plan further contemplates that TPL
2 will be removed as debtor-in-possession, to be replaced by a Chapter 11 Trustee, as provided
3 for 11 U.S.C. § 1104 and the pertinent Bankruptcy Rules.

4 To secure compliance with § 1104, Creditor Moore will seek a creditor vote on the
5 10/29/2014 MMP Plan as promptly as practicable after entry of a Court order removing the
6 debtor-in-possession. To assist in this transition, and to provide adequate time for the required
7 change in management, Creditor Moore may request the Bankruptcy Court to appoint an
8 interim trustee to bridge the gap between an order for appointment of a Chapter 11 Trustee and
9 the plan confirmation hearing for the 10/29/2014 MMP Plan.

10 If the 10/29/2014 MMP Plan is approved by one or more classes of creditors entitled to
11 vote on the Plan, the 10/29/2014 MMP Plan will come before the Bankruptcy Court for a
12 hearing and ruling on plan confirmation.

13 As soon as practicable, Creditor Moore will request the United States Trustee to
14 convene a meeting of the TPL creditors for the purpose of electing a Chapter 11 Trustee to
15 manage and supervise Debtor TPL, under the provisions of 11 U.S.C. §§ 1104(b)(1) and 702
16 (a), (b), and (c). Creditor Moore contemplates that the Chapter 11 Trustee will be selected from
17 among the membership of the Committee or, if no Committee member can be found to serve as
18 a qualified Chapter 11 Trustee, from candidates suggested by and acceptable to the Committee.
19 Upon election, and no later than the Effective Date, the Chapter 11 Trustee will perform the
20 duties and responsibilities, and possess and be charged with, the rights, powers and liabilities,
21 set out in the Bankruptcy Code and under the Bankruptcy Rules, and specified in this
22 10/29/2014 MMP Plan, including but not limited to:

- 23 1. Performing the duties described in 11 U.S.C. § 1106 (excepting the duty to file a
24 reorganization plan imposed by 11 U.S.C. § 1106(a)(5);
- 25 2. Acting as Chairman and CEO of the Reorganized Company until the 10/29/2014
26 MMP Plan has concluded and the Bankruptcy Case has terminated;
- 27 3. Prepare the annual TPL strategic business plan and obtaining approval of the
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 same by the TPL Board of Directors;

- 2 4. Managing and supervising the day-to-day operations of TPL;
- 3 5. Reviewing (as to viability and profitability) all non-MMP Portfolio licensing
4 and litigation operations of TPL, disposing of and/or abandoning those non-
5 MMP Portfolio licensing operations that cannot be operated to TPL's benefit,
6 and managing and operating those non-MMP Portfolio licensing and litigation
7 operations that are determined to be productive assets of TPL;
- 8 6. Litigating and resolving, through judgment or settlement, the question of
9 allowance of the Disputed Leckrone Secured Claim;
- 10 7. Reviewing any and all pre-bankruptcy transfers of TPL assets prior to
11 the Petition Date to determine whether any such transfers should be challenged
12 as fraudulent conveyances or fraudulent transfers, including without limitation
13 evaluating the following:
- 14 - the 2012 transfer of licensing rights to the MMP portfolio from Debtor TPL to
15 Alliacense, a company owned by Mr. Leckrone, with no compensation or
16 consideration provided to TPL and with Alliacense gaining entitlement to 20%
17 of gross MMP licensing revenues and the right to payment for "litigation
18 support" services in all TPL-funded litigation;
 - 19 - the transfer of the "OnSpec" portfolio patents to a Leckrone entity, with no
20 compensation or consideration provided to TPL, with TPL funding the
21 acquisition of the patents;
 - 22 - Mr. Leckrone's acquisition of the "Fast Logic" portfolio of patents in a
23 transaction resulting in (1) a TPL guarantee of Leckrone entity payment for the
24 patents, resulting in TPL funds being used to make substantial payments to the
25 seller when the Leckrone entity did not or could not make such payments; (2)
26 TPL-funded Fast Logic litigation in which the Leckrone entity stands to reap
27 millions of dollars from any infringement award without payment of litigation

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 expenses; (3) retention of the Leckrone entity Alliacense for litigation support in
2 that litigation; (4) massive exposure of Debtor TPL in the event of loss in that
3 litigation and a prevailing party attorney's fee award in favor of the defendants,
4 without any exposure for Alliacense and without risk to the otherwise assetless
5 Leckrone entity;

6 - the acquisition by TPL of the "Chipscale" portfolio of patents, with Debtor
7 TPL liable for payment for the patents (the Chipscale sellers are a creditor in this
8 case), in a transaction in which Mr. Leckrone transferred the Chipscale patents
9 from TPL to himself, with no compensation or consideration provided to TPL,
10 on the same day that TPL acquired those patents;

11 - Mr. Leckrone's unexplained transfer of \$15 million (\$15,000,000.00) from
12 TPL to his company Alliacense, with no apparent basis for the transfer or benefit
13 to TPL, contemporaneously with his claimed "loan" of some \$3.8 million from
14 his personal funds (the result being that Mr. Leckrone's secured claim in this
15 case apparently derives from a loan of Debtor TPL's own money to itself).

- 16 8. Prosecuting, compromising or dismissing the Retainer Claims;
- 17 9. Dismissing the Browns/TPL Appeal (given provision for payment in full of the
18 Browns Claim – and in effect satisfaction of the Browns Judgment – under the
19 10/29/2014 MMP Plan);
- 20 10. Dismissing the TPL/Moore 'Roe' Litigation;
- 21 11. Reviewing all other pending TPL litigation, to determine whether any can or
22 should be dismissed, compromised or abandoned, including without limitation
23 the Delaware Fast Logic Litigation pending in the United States District Court
24 for the District of Delaware;
- 25 12. Employing an Administrative Assistant and such other employees, agents,
26 officers, accountants and counsel as may reasonably be deemed necessary for
27 the successful operation of the Reorganized Company;

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

- 1 13. Establishing the Claims Trust Account and the Creditor Trust;
- 2 14. Acting as Disbursing Agent to the Bankruptcy;
- 3 15. Assuming the TPL seat on the re-constituted PDS Operating Committee, or
- 4 selecting a suitably qualified person for that position to represent TPL's interests
- 5 in PDS, and working cooperatively with the Patriot representative on the PDS
- 6 Operating Committee to select a mutually acceptable individual to fill the third
- 7 seat on the PDS Operating Committee;
- 8 16. Acting as a fiduciary of the Reorganized Company, with the power and
- 9 responsibility to approve major company actions, including the settlement of
- 10 Avoidance Actions and Retained Claims, disposing of major assets or altering
- 11 the structure of the Reorganized Company; and
- 12 17. Preparing appropriate Quarterly Reports for the TPL Board of Directors and
- 13 such other periodic reports as may be required by the Bankruptcy Court.

14 In addition, prior to the Effective Date the Committee shall select two of its members to
15 become members of the Board of Directors of TPL who shall, along with the Chapter 11
16 Trustee acting as Chairman of the Board, make up a three-member board of directors tasked to
17 perform the following:

- 18 1. Approve the annual TPL strategic business plan as proposed by the Chapter 11
- 19 Trustee as CEO;
- 20 2. Approve the annual TPL budget;
- 21 3. Advise the CEO regarding non-MMP portfolio licensing and litigation matters;
- 22 4. Approve any asset purchases or sales over \$10,000;
- 23 5. Approve any non-MMP litigation settlements;
- 24 6. Approve any vendor contracts or agreements worth more than \$5,000.

25 As of the Effective Date, any remaining employment or service to TPL of Mr. Leckrone
26 (whether as director, officer or employee of TPL) shall terminate, and he shall be relieved of
27 any other position or capacity in which he serves any supervisory, managerial, officer or other
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 decision-making role for TPL, until such time as Allowed Claims in Classes 1 through 11 are
2 paid as allowed by the 10/29/2014 MMP Plan. After payment of all such claims pursuant to
3 Plan, Leckrone may petition the Bankruptcy Court to be reinstated as an officer or employee of
4 TPL.

5 The Chapter 11 Trustee shall confer with and obtain written approval from the Board of
6 Directors prior to pursuing any new business endeavors and prior to selling, transferring or
7 licensing any TPL assets valued at over \$10,000.

8 The Chapter 11 Trustee and the Board of Directors established under the 10/29/2014
9 MMP Plan shall remain in place and in control of the Reorganized Company, with all of the
10 rights powers provided to them under the Plan, for a period of five (5) years after the Effective
11 Date (with provision for extension of such period, through Bankruptcy Court Order, in six-
12 month increments until the 10/29/2014 MMP Plan is concluded with payment in full of the
13 Allowed Claims in Classes 1 through 11).

14 **C. IP Portfolio Management**

15 Except for the MMP Portfolio (discussed below), the Chapter 11 Trustee shall have
16 wide latitude to develop commercialization plans or other programs to maximize the value and
17 return realized for each of the non-MMP Portfolio patent portfolios under TPL management.
18 The Chapter 11 Trustee shall establish each of the non-MMP Portfolios in a separate business
19 “silo,” each walled off from TPL’s other IP properties. The marketing and commercialization
20 plan for the MMP Portfolio is described in detail below. For each of TPL’s other patent
21 portfolios, the Chapter 11 Trustee shall, after due inquiry and investigation, report to the Board
22 of Directors as to the most advantageous course for TPL as to each portfolio; the choices
23 available to the Chapter 11 Trustee and the TPL Board with respect to such non-MMP
24 portfolios may include (without limitation):

- 25 1. Retaining Alliacense as a Commercialization Entity for some or all of the non-
26 MMP portfolios;
- 27 2. Retaining a third party firm or firm to commercialize some or all of such

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

- 1 portfolios;
- 2 3. Selling TPL’s portfolio rights to some or all of the portfolios to Mr. Leckrone, to
- 3 one or more of his affiliated or owned companies, or to a third party or third
- 4 parties;
- 5 4. Managing one or more of the portfolios directly.

6 The separation of the non-MMP Portfolios into separate and distinct businesses, each
7 able to stand on its own merits, is in keeping with the new overall direction of TPL, away from
8 a structure that allows characterization of the company as a patent aggregator or patent troll,
9 with the negative implications and consequences that those derogatory terms carry for entities
10 that must license patents or litigate against patent infringers.

11 **D. MMP Portfolio Management**

12 *The Status Quo: An Absence of Licensing Revenues.* The MMP Portfolio of patents is
13 TPL’s most valuable asset. At present, this asset provides no revenue or benefit to TPL: the last
14 MMP license issued by PDS (resulting in revenue to TPL and its co-party
15 licensor/beneficiaries) was sold a full year ago, in *August 2013*.⁷ The present MMP Portfolio
16 licensing entity – Mr. Leckrone’s wholly owned company Alliacense – is unable or unwilling
17 (or both) to license the MMP Portfolio. Unless the status quo changes, a liquidation of TPL will
18 be inevitable. Creditor Moore proposes to change the status quo, restoring to TPL a sufficient
19 flow of MMP licensing and litigation revenues to render the post-bankruptcy company viable.

20 *The problem with existing management.* Since before the Petition Date and to and
21 through the present time, Mr. Leckrone and Alliacense set MMP commercialization on a course
22 dependent upon litigation against claimed infringers. Either deliberately or by default, Mr.

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26 ⁷ Alliacense has sold precisely one (1) MMP license since August 2013. That
27 license, Creditor Moore has learned, is of trivial value: for TPL to meet the goals set out for it
28 have to sell over 20 thousand (20,000) licenses of comparable worth.

1 Leckrone and Alliacense elected to defer efforts to license the MMP Portfolio until successful
2 litigation results were in hand to provide leverage in licensing negotiation.

3 Patent trolls are often charged with using litigation and the threat of litigation to coerce
4 the sale of patent licenses. The litigation-first strategy chosen by Mr. Leckrone and Alliacense
5 rendered Debtor TPL susceptible to the patent troll label.

6 Mr. Leckron's company Alliacense – but not Debtor TPL – was served by the litigation-
7 first strategy, in that the “litigation support” services Alliacense provides in patent litigation
8 allows it to claim the right to charge for those services (a) without sharing that compensation
9 with Debtor TPL and its creditors (or with Patriot or Mr. Moore) and (b) regardless of the
10 success or failure of the litigation effort. While the litigation-first strategy may have generated
11 substantial, unshared receivables for Mr. Leckrone's Alliacense, it has been disastrous for
12 Debtor TPL and its creditors.

13 ***The litigation result.*** As of the Petition Date, TPL had filed some 12 separate MMP
14 proceedings before the International Trade Commission. Success in all, most or some of those
15 proceedings was projected to lead to Alliacense sale of MMP licenses to infringer/respondents
16 on advantageous terms. (Given that an ITC-imposed remedy might have included an injunction
17 banning the import of infringing products to the United States, an infringer would find an
18 Alliacense-brokered license a vastly more desirable – though expensive – alternative). TPL,
19 guided and advised, by Mr. Leckrone and Alliacense, made no substantial effort to settle the
20 ITC proceedings against the main respondent parties, taking ten of the cases to trial.

21 With Mr. Moore – *the MMP inventor still practicing his invention* – ready, willing, able
22 and compensated to testify at trial of the ITC proceedings in Washington, Mr. Leckrone and
23 Alliacense chose to ignore Mr. Moore. Instead, Mr. Leckrone and his Alliacense-based MMP
24 licensing was presented as the face of the MMP portfolio.

25 The result: a finding of non-infringement by the ITC Administrative Law Judge, and a
26 loss (for named parties Debtor TPL, Patriot and Alliacense) of all ten proceedings. The result is
27 published at <http://tinyurl.com/k8cewlv> (<http://tinyurl.com/k8cewlv>). Debtor TPL and its co-

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 petitioners sought review of the Administrative Law Judge’s decision before the full ITC. After
2 extensive briefing to the ITC, the full Commission issued its decision: again, in all ten cases, no
3 infringement was found, and the claims of Debtor TPL, Patriot and Alliacense were rejected.

4 The full Commission result affirming Debtor TPL’s loss can be viewed at
5 <http://tinyurl.com/mzdbyre> (<http://tinyurl.com/mzdbyre>).

6 It gets worse.

7 ***Lack of ITC standing.*** Since the Petition Date, Mr. Leckrone and Alliacense also
8 continued a litigation-first strategy with respect to TPL patent portfolios other than MMP. On
9 May 2, 2012, based on a complaint filed by TPL, the ITC instituted an investigation of 21
10 respondents accused on infringement of another of TPL’s aggregation of patents, the so-called
11 CORE Flash patent portfolio. *In the Matter of Certain Computers and Computer Peripheral*
12 *Devices, Etc.*, ITC Investigation No. 337-TA-841. The Administrative Law Judge (“ALJ”)
13 assigned to the case issued a *Markman* order construing the patents at issue, and held an
14 evidentiary hearing from January 7 – 11, 2013. On August 2, 2013, the ALJ issued an Initial
15 Determination in the matter.

16 The ALJ first found that TPL demonstrated the existence of a domestic industry
17 [required by 19 U.S.C. Sec. 1337(a)(2), through the TPL/Alliacense licensing investment under
18 Sec. 1337(a)(3)(C)]. Further, the ALJ overruled respondents’ claims that TPL’s CORE Flash
19 patents were invalid. Although TPL had initially urged infringement of five other CORE Flash
20 patents, the ALJ determined that TPL had demonstrated direct infringement, by four of the
21 respondents, of only one patent, the so-called ‘623 patent.

22 Both sides sought review before the full Commission, and on August 24, 2013 the ITC
23 issued a notice that it would review the ALJ’s Initial Determination in its entirety. The full
24 Commission’s decision issued on December 20, 2013. See <http://tinyurl.com/neolnzf>
25 (<http://tinyurl.com/neolnzf>).

26 The Commission’s decision reversed the ALJ’s ruling in favor of Debtor TPL on the
27 ‘623 patent: “...the Commission has determined to terminate the investigation with a finding of

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 no violation of section 337.” Commission Decision at p. 3. For the ‘623 patent, the
2 Commission adopted respondents’ construction of “accessible in parallel,” thereby “reversing
3 the Initial Determination’s finding of infringement as to that patent.” *Ibid.*

4 The Commission, however, did not stop at simply reversing the ALJ finding of
5 infringement of the ‘623 patent: “...the Commission also finds that TPL has not demonstrated
6 the existence of an article protected by the ‘623 patent.” *Ibid.* Moreover, the Commission not
7 only affirmed the Initial Determination that TPL had failed to demonstrate infringement of the
8 other three CORE Flash patents still at issue in the matter; “The Commission also finds for
9 these three patents that TPL failed to demonstrate the existence of a domestic industry because
10 it failed to demonstrate the existence of articles practicing these patents.” *Ibid.* The
11 Commission found authority for its position – that licensing activity alone is not enough to
12 confer Section 337 standing – in two Federal Circuit decisions, *InterDigital Communications,*
13 *LLC, v. ITC* (Fed.Cir. 2012), 690 F.3d 1318; (Fed.Cir. 2013), 707 F.3d 1295; and *Microsoft*
14 *Corp. v. ITC* (Fed.Cir. 2013), 731 F.3d 1354.

15 Before the ITC, therefore, the handwriting is clearly on the wall for patent aggregators
16 and patent trolls – non-practicing entities whose sole activities relating to their patent portfolios
17 involve attempts to license and litigation against infringers. Debtor TPL itself has established
18 the International Trade Commission precedent by filing and failing on its CORE Flash case:
19 entities that fit the present TPL/Alliacense business model will lack standing to protect their
20 patents before the ITC.

21 ***The ITC’s formal decision in the MMP case.*** Debtor TPL’s loss in its CORE Flash
22 ITC case came in December 2013. In March 2014 the ITC issued its 88-page formal opinion in
23 the TPL/Patriot/Alliacense MMP Case, *In re: Certain Wireless Consumer Electronics Devices*
24 *and Components thereof*, Inv. No. 337-TA-853. The decision ITC opinion affirms the ALJ’s
25 Initial Determination that TPL/Alliacense had failed to prove infringement of the MMP
26 Portfolio patents at issue in the case. At the very end of the ITC formal opinion, however, the
27

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 opinion addresses the question of TPL standing – do TPL/Alliacense licensing activities meet
2 the so-called “technical prong” of the section 337(a)(3)(C) test?

3 The ITC chose not to reach the question it had raised. However, a clearer warning to
4 TPL and those who fail to practice their patents could hardly be imagined:

5 "After issuance of the ID in this case, the Commission noted that, under its prior
6 precedent, a complainant was not historically required 'to demonstrate for
7 purposes of a licensing-based domestic industry the existence of protected
8 articles practicing the asserted patents.' Comm'n Op. at 27-28. However, the
9 Commission decided in *Computer Peripheral Devices* that a complainant must
10 show that there are 'articles protected by the patent' when asserting a licensed-
11 based domestic industry under section 337(a)(3)(C). Due to the posture of this
12 case, the Commission takes no position on whether the requirement is met here
13 in light of its findings of non-infringement. *See Beloit Corp. v. Valmet Oy, TVW*,
14 742 F.2d 1421 (Fed. Cir. 1984)."
15 Commission Decision at p. 72.

16 In sum: unless the MMP Portfolio is represented by and through a practicing entity, its
17 litigation prospects will be dismal; its licensing revenues, de minimis. MMP licensing and
18 litigation require a new approach by TPL.

19 The 10/29/2014 MMP Plan eliminates any basis for characterization of TPL, PDS, Mr.
20 Moore or their new licensing agent as patent trolls. The 10/29/2014 MMP Plan changes Debtor
21 TPL's posture from patent aggregation to patent enhancement.

22 Mr. Moore (known in the microprosser industry as Chuck Moore) co-founded FORTH,
23 Inc., in 1973. He developed a Forth-based chip (RTX2000) in the mid 1980s, derivatives of
24 which are still being used widely by NASA. At Computer Cowboys, Mr. Moore designed the
25 Sh-Boom microprocessor and then co-founded iTv, an internet appliance manufacturer. He is
26 the co-inventor of the MMP Patent Portfolio, Debtor TPL's principal asset. During the 1990s,
27 Mr. Moore used his own CAD software to design several custom VLSI chips, including
28 the F21 processor with a network interface. More recently, he invented colorForth and ported
his VLSI design tools to it. Mr. Moore worked with IntellaSys for several years, serving as the
firm's CTO during development of the S40 multi-computer chip. After TPL abandoned all
efforts in chip development, Mr. Moore formed Green Arrays, Inc., where he continues
development and enhancement of chip technologies that have their roots in his MMP Portfolio.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Thus, at all pertinent times, Mr. Moore has been actively engaged in carrying forward
2 applications of the MMP Portfolio (as well as new independent technologies).

3 At or before the Confirmation Date for the 10/29/2014 MMP Plan, Mr. Moore will form
4 a new entity, "Moore Innovations Group, Inc." ("MIG"). MIG will be tasked under the
5 10/29/2014 MMP Plan with leading the commercialization and licensing effort for the MMP
6 portfolio. As a guide and introduction to MIG, Mr. Moore has appended the MIG Business Plan
7 as Exhibit 2 to this disclosure statement and incorporates the MIG Business Plan by this
8 reference at this point as if it were set out in full here.

9 MIG will be Mr. Moore's wholly owned company. Mr. Moore will serve as MIG's
10 Chairman of the Board, and he will be the public face of the company and of its MMP patent
11 enhancement and licensing effort. MIG's board of directors will initially consist of Mr. Moore
12 (as Chairman) and two additional individuals, one to be named by Mr. Moore and the other to
13 be named from members of the Creditors' Committee willing to serve.

14 Upon the Effective Date, MIG will assume the role of commercializing the MMP
15 Portfolio, for the benefit of Debtor TPL, Patriot and Mr. Moore himself. The revenue sharing
16 formula set out in the January 23, 2013 Settlement Agreement will continue to serve to divide
17 net MMP proceeds appropriately (among TPL, Patriot and Mr. Moore, Mr. Moore receives and
18 will continue to receive the smallest share). MMP licensing revenues will continue to be
19 channeled through PDS; the PDS chairman will continue to approve and sign off on every
20 license, to assure accountability for licensing proceeds under the same system of safeguards put
21 in place when it was necessary to monitor Mr. Leckrone.

22 MIG will be a practicing entity; MMP commercialization will no longer be tainted with
23 affiliation with a patent aggregator. The patent world will still feature patent trolls, but MIG
24 will not be counted among them – any more than Thomas Edison was.⁸

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27 ⁸ Recent business publication articles confirm that many patent aggregation
28 firms, fearful of the result in licensing and litigation if they are tagged with the "patent troll"

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Under the 10/29/2014 MMP Plan, the PDS / TPL amended agreement from August
2 2012 is being set aside as a preference. The 10/29/2014 MMP Plan also sets aside as a
3 preference the August 2012 TPL agreement with Alliacense, Patriot and PDS, which
4 established Alliacense as the commercialization entity for the MMP Portfolio. With the 2012
5 Agreements set aside, and Alliacense no longer authorized to carry out MMP
6 commercialization, all MMP licensing and commercialization rights revert to TPL under the
7 2005 foundational agreement between and among TPL, Patriot and Mr. Moore, still in effect
8 and remaining in effect as an assumed contract of Debtor TPL, that gave TPL
9 commercialization rights to the MMP Portfolio and established PDS to monitor and supervise
10 TPL's performance and to collect MMP revenues. The result is and will be seen as a clean
11 break from past TPL and Alliacense business practices – the very practices that led TPL into
12 bankruptcy and that leaves Mr. Leckrone unable to license the rapidly aging, soon-to-expire
13 MMP Portfolio.

14 Under the 10/29/2014 MMP Plan:

- 15 1. Debtor TPL and MIG will execute a new commercialization agreement for the
16 MMP Portfolio (the "TPL/MIG Agreement"), affording all MMP licensing rights
17 and authority to MIG that were previously granted to Alliacense under the rejected
18 2012 Agreements. The TPL/MIG Agreement will mandate that all MMP licensing
19 revenues be paid over to PDS, which shall be expected and required to account for
20 and to apportion those revenues under the assumed January 23, 2013 Settlement
21 Agreement;

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27 label, have begun efforts to practice their patents and to develop products and components that
28 make use of the technology their patents introduce. Mr. Moore here anticipates what is now a
demonstrable trend away from the TPL/Alliacense non-practicing entity model.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 2. Under the TPL/MIG Agreement, MIG shall be entitled to retain a commission of
2 20% of its gross MMP licensing revenues, as well as a 5% commission on net
3 litigation revenues generated for TPL, Patriot and Mr. Moore.

4 3. Under the TPL/MIG Agreement, PDS shall retain its rights as sole licensor of the
5 MMP Portfolio; MIG shall be empowered and authorized as the sole entity entitled
6 to negotiate such licenses and present them to PDS for approval.

7 4. The Chapter 11 Trustee shall be authorized to negotiate an agreement with PDS
8 under which PDS will provide support for MIG in the form of a quarterly advance
9 of \$250,000 for three years, to be repaid from commissions earned from licensing
10 revenues and litigation recoveries generated by MIG. It is anticipated that this
11 agreement, desirable but not necessary under the 10/29/2014 MMP Plan, will be
12 attainable, given that the 10/29/2014 MMP Plan relieves PDS of a continuing
13 obligation to provide a \$500,000 quarterly advance to TPL for licensing (because of
14 the reversion to the original 2005 agreement between PATRIOT, TPL and Mr.
15 Moore) that has produced no revenue since August 2013.

16 5. The Chapter 11 Trustee shall be authorized to negotiate any other contracts
17 necessary to aid in the execution of the 10/29/2014 MMP Plan.

18 Under the 10/29/2014 MMP Plan, MIG will seek to partner or to joint venture with an
19 experienced licensing firm with a licensing team already in place and ready to mount an
20 immediate sales effort (again, the centerpiece of the MMP Portfolio, the ‘336 patent, will
21 expire mid-year in 2015, so the licensing window is a small one, and there is now little time to
22 build an independent sales force).a manager (“MIG Manager”) MIG will be MMP-centric: it
23 will in no event become involved with the licensing of TPL’s other patent portfolios. ⁹

24 Mr. Moore’s plan eliminates Alliacense from the TPL and MMP pictures. This

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26
27 ⁹ See Appendix 2 to the 10/29/2014 MMP Plan Disclosure Statement for additional details and
28 forecasts related to Moore Innovations Group.

1 development is necessary and vital. The Alliacense licensing model is now a demonstrable
2 failure, linked in the marketplace, with the ITC and in the courts with disfavored patent troll
3 practice.

4 Further, Mr. Leckrone's licensing practices – in particular, Alliacense's resort to fire-
5 sale license prices for reasons having nothing to do with the MMP Portfolio and everything to
6 do with Mr. Leckrone's cashflow requirements – must be distanced from the licensing and
7 litigation efforts, to avoid the decimation of damages that afflicted trial of the HTC case. Again,
8 that trial yielded a judgment, but in an amount that was one-tenth of the expected damages. A
9 fresh start, distinct and distinguishable from Mr. Leckrone and Alliacense, will remove TPL's
10 present competitive disadvantage.

11 Conversely, restoring the connection between Mr. Moore and MMP – between inventor
12 and invention – will create a synergy and competitive advantage for post-confirmation TPL that
13 cannot be achieved by any other means.

14 There is, at present, no market for MMP licenses, because of the patent troll taint that
15 attaches to its vendor. Mr. Moore, and his company MIG, create the new and exciting dynamic
16 of a practicing entity involved in licensing and creating business and technological
17 opportunities for potential licensees. The time for change is here and now.

18 **E. Creditor Trust and the Chapter 11 Trustee.**

19 On or before the Effective Date, the Chapter 11 Trustee shall establish the Creditor
20 Trust for the purpose of holding the Interests of the Interest Holder, holding the Unsecured
21 Claimants' Security Interest for the benefit of holders of Allowed Unsecured Claims, making
22 such disbursements as are necessary to effect the Distributions and investigating and, as
23 appropriate, filing objections to the Creditor Claims. The Chapter 11 Trustee shall thereafter
24 manage the Creditor Trust, acting with the care, skill, prudence and diligence under the
25 circumstances then prevailing that a prudent person acting in a like capacity and familiar with
26 such matters would use in the conduct of an enterprise of a like character and with like aims.

27 As set forth at Section J below, the Chapter 11 Trustee shall act as the Disbursing Agent
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 responsible for disbursing payments to the holders of Allowed Claims pursuant to the terms,
2 classes and priorities of the 10/29/2014 MMP Plan.

3 As set out above, the Reorganized Company shall pay reasonable compensation to the
4 Chapter 11 Trustee and shall compensate the Board of Directors at a rate that is commensurate
5 with their duties and responsibilities and approved by the Bankruptcy Court.

6 **F. Grant of Security Interest for the Benefit of Holders of Allowed**
7 **Unsecured Claims.**

8 To secure the Reorganized Company's performance of the 10/29/2014 MMP Plan, on or
9 before the Effective Date, the Chapter 11 Trustee shall cause the Reorganized Company to
10 execute and file a security agreement and all other necessary documents to effect the grant of
11 the Unsecured Claimants Security Interest to the Chapter 11 Trustee. Such security agreement
12 shall provide that in the event of an early termination of the Plan (i.e., conversion to Chapter 7)
13 or a breach of the Plan that is not cured pursuant to the cure procedures set forth below in
14 Section XV of the Plan, the Chapter 11 Trustee shall be afforded the right to sell, foreclose,
15 license, lease, hypothecate and transfer the Reorganized Company's property without need for
16 further Court order, subject to applicable law.

17 The Unsecured Creditors' Security Interest shall be subordinate to all existing, valid,
18 perfected, unavoidable and unsubordinated liens, with CCC, Venkidu and Leckrone shall retain
19 their respective lien rights and priorities to the same extent and in the same order that existed as
20 of the Effective Date, unless otherwise agreed by the affected party(ies) and ordered by the
21 Bankruptcy Court, or otherwise ordered by the Bankruptcy Court, until such time as their
22 Secured Claims are accorded full satisfaction as set out in the 10/29/2014 MMP Plan.

23 The Chapter 11 Trustee shall be authorized to file a UCC-1 financing statement or other
24 evidence of the Unsecured Creditors' Security Interest as may be reasonably requested by the
25 Committee. Upon the payment in full with interest under the Plan of all Allowed Claims in
26 Class 6 and 8, the Unsecured Creditors' Security Interest shall be deemed discharged, and the
27 Chapter 11 Trustee shall file and/or record such termination statements as may be necessary to
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 establish and to evidence extinguishment of the lien.

2 **G. Creditors' Committee.**

3 On the Effective Date, the Committee shall be dissolved.

4 **H. Distributions To Creditors.**

5 1. Establishment of Claims Trust Account.

6 On or before the Effective Date, the Chapter 11 Trustee shall establish a separate,
7 segregated bank account for the benefit of holders of Allowed Claims, which shall be the
8 Claims Trust Account. The Chapter 11 Trustee shall fund the Claims Trust Account with
9 amounts adequate to make all payments due on the Effective Date.

10 2. Post-Effective Date Funding of Claims Trust Account.

11 On the Effective Date, and thereafter for the duration of the 10/29/2014 MMP Plan, the
12 Chapter 11 Trustee shall require and direct that TPL's share of MMP-portfolio sourced
13 distributions from PDS shall be deposited directly by PDS into the Claims Trust Account. In
14 addition, no later than three Business Days after the close of each full calendar quarter
15 following the Effective Date, the Chapter 11 Trustee shall cause the Reorganized Company to
16 deposit the portion of the Quarterly Payment for which it is responsible (i.e., the 20% of Gross
17 Revenue and NOP) into the Claims Trust Account; provided, however, that in any quarter in
18 which such deposit of the Quarterly Payment to the Claims Trust Account would, in the
19 Reorganized Company's reasonable opinion, result in a reduction of the WCR, then, following
20 consultation with and receipt of written approval of the TPL Board as to such said reduction,
21 the Quarterly Payment for that quarter shall be reduced accordingly. Such reduction shall not
22 constitute a default under the Plan provided, however, that the Reorganized Company has
23 deposited the aggregate of 20% of Gross Revenue during each calendar quarter. The
24 Disbursing Agent shall distribute from the Claims Trust Account the sums specified in the Plan
25 on the Distribution Dates specified in the Plan.

26 3. Quarterly Distribution Report.

27 No later than five Business Days after the close of each full calendar quarter following
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 the Effective Date, the Chapter 11 Trustee shall cause the Reorganized Company to deliver the
2 Quarterly Distribution Report to the Unsecured Creditors of TPL. If any Unsecured Creditor
3 objects to payment on account of any particular Claim as proposed on the Quarterly
4 Distribution Report, that Unsecured Creditor shall provide written notification of such objection
5 to the Chapter 11 Trustee and to the TPL Board of Directors within three Business Days of
6 receipt of the Quarterly Distribution Report, and no Distributions shall be made on account of
7 such Claim(s) until review and approval by the Board of Directors, or entry of an order by the
8 Bankruptcy Court. Upon approval, Chapter 11 Trustee shall, as Disbursing Agent, pay the
9 agreed on or ordered Distribution amount to the holder(s) of such affected Claim(s) as soon as
10 reasonably practicable.

11 4. Timing of Distributions.

12 Except as otherwise provided in the 10/29/2014 MMP Plan, the Chapter 11 Trustee shall,
13 as Disbursing Agent, pay all Class 1 and Class 5 Allowed Claims on the Effective Date.
14 Failure to pay any Allowed Claim in Class 1 or Class 5 as required under the 10/29/2014 MMP
15 Plan shall constitute a Plan default unless the Disbursing Agent pays the amount due on account
16 of such Allowed Claim as required under the 10/29/2014 MMP Plan within thirty days of the
17 Effective Date.

18 Except as otherwise provided in the 10/29/2014 MMP Plan, the Chapter 11 Trustee, as
19 Disbursing Agent, shall make Distributions of the Quarterly Payment from the Claims Trust
20 Account no later than the fifteenth Business Day following the end of each calendar quarter, in
21 the sums specified in the Quarterly Distribution Report.

22 The Reorganized Company shall continue to operate, and the Chapter 11 Trustee as
23 Disbursing Agent shall pay Allowed Claims, in full and with interest as appropriate, according
24 to the terms of the 10/29/2014 MMP Plan, for a period of five years after the Effective Date, or,
25 after consultation with and obtaining written approval from, the Board of Directors, an
26 additional period of time not to exceed six months; provided, however, that such period may be
27 extended further by entry of an order by the Bankruptcy Court.

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 5. Distribution Addresses; Undeliverable Distributions.

2 Unless a Creditor has provided the Reorganized Company with written notice of a
3 different address, Distributions shall be sent to Creditors at the address set forth in the proofs of
4 Claim filed with the Claims Agent. If any Creditor desires that its Distribution be transmitted
5 to an address other such proof of Claim address, it shall notify the Chapter 11 Trustee of such
6 changed address through certified mail, return receipt requested, to the Chapter 11 Trustee at
7 the Trustee's business address. (If no proof of Claim is filed with respect to a particular Claim,
8 the Distribution shall be mailed to the address set forth in the Schedules filed by the Debtor.) If
9 any Creditor's Distribution is returned as undeliverable, no further Distributions to such
10 Creditor shall be made unless and until the Chapter 11 Trustee is notified of such Creditor's
11 then current address, at which time all required Distributions shall be made to such Creditor.
12 Undeliverable Distributions shall be held by the Disbursing Agent until such Distributions are
13 claimed; provided, however, that all claims for undeliverable Distributions must be made
14 within ninety (90) days following a Distribution. After such date, all unclaimed Distributions
15 will revert to the Reorganized Company and deposited into the Claims Trust Account, and the
16 Claim of any Creditor or successor to such Creditor with respect to such Distribution shall be
17 discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

18 6. Withholding Taxes.

19 Pursuant to § 346(h) of the Bankruptcy Code, the Chapter 11 Trustee shall as Disbursing
20 Agent deduct any federal, state or local withholding taxes from any Distributions made with
21 respect to Allowed Claims, as appropriate. The Chapter 11 Trustee shall withhold a
22 Distribution to any Creditor who has not provided information requested and required by the
23 Chapter 11 Trustee as Disbursing Agent for the purpose of fulfilling the obligations imposed by
24 this Plan. The Chapter 11 Trustee shall comply with all reporting obligations imposed on it by
25 any governmental unit with respect to withholding and related taxes.

26 7. Fractional Amounts.

27 Notwithstanding anything contained herein to the contrary, the Reorganized Company
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 shall not be required to make Distributions of fractions of dollars. Whenever any payment of a
2 fraction of a dollar under the Plan would otherwise be called for, the actual payment shall
3 reflect a rounding of such fraction down to the nearest whole dollar.

4 8. De Minimis Distributions.

5 Notwithstanding any other provision of the Plan, Distributions of less than \$50.00 need
6 not be made on account of any Allowed Claim; provided, however, that Distributions that
7 would otherwise be made but for this provision shall carry over to the next Distribution Date
8 until the cumulative amount to which any holder of an Allowed Claim is entitled to is more
9 than \$50.00, at which time the cumulative amount of such Distributions (without interest
10 thereon) will be paid to such holder.

11 9. Time Bar to Cash Payments.

12 Checks issued on account of Allowed Claims shall be null and void if not negotiated
13 within ninety (90) days from the date of issuance thereof. Requests for re-issuance of any
14 check shall be made directly to the Chapter 11 Trustee by the holder of the Allowed Claim to
15 whom such check was originally issued. Any request for re-issuance in respect of voided check
16 shall be made on or before ninety (90) days after the date of the issuance of such check; the
17 Chapter 11 Trustee shall impose a service fee for any such re-issued check. As of the 91st day
18 after issuance, all Claims with respect to any voided checks shall be discharged and forever
19 barred, and such funds shall revert to the Reorganized Company and deposited into the Claims
20 Trust Account.

21 10. Modification of Payment Terms.

22 At any time after the Effective Date, (a) the Reorganized Company may modify the
23 treatment of any Class of Allowed Claims in a manner that is more favorable than provided by
24 the 10/29/2014 MMP Plan (e.g., the Reorganized Company may make more frequent payments
25 to a Class or pay or cause to be paid all Classes sooner than contemplated by the Plan),
26 provided that such treatment does not adversely impact the ability of the Reorganized Company
27 to perform its obligations under the 10/29/2014 MMP Plan; and (b) the Reorganized Company

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 may modify the treatment of any Allowed Claim in any manner adverse to the holder of such
2 Claim with the prior written consent of the holder whose Allowed Claim is being adversely
3 effected; provided, however, that any such modification shall be approved in writing by the
4 Board of Directors.

5 **I. Articles of Organization/Operating Agreement.**

6 After the Effective Date, the Reorganized Company, in consultation with the Board of
7 Directors, may amend and restate TPL's articles and operating agreement as permitted by
8 applicable law without further Bankruptcy Court approval, including, among other things and if
9 required, amending such articles and operating agreement as of the Effective Date to comply
10 with the requirements of § 1123(a)(6) of the Bankruptcy Code which requires the inclusion in
11 the Reorganized Company's charter of a prohibition of the issuance of non-voting securities
12 and requires, among other things, the distribution of voting power equitably among the classes
13 of voting securities.

14 **J. Authority Of Reorganized Company Acting By and Through Chapter 11**
15 **Trustee.**

16 On and after the Effective Date, the Chapter 11 Trustee shall be appointed Estate
17 representative pursuant to the applicable provisions of the Bankruptcy Code and the
18 Bankruptcy Rules. Except as otherwise provided by the 10/29/2014 MMP Plan, the Chapter 11
19 Trustee shall, in consultation with or with the approval of the Board of Directors as set out in
20 the 10/29/2014 MMP Plan, be responsible for and have authority to: (a) settle, resolve and
21 object to any Claims (b) commence suit on the Retained Claims or refer any Retained Claims to
22 the Bankruptcy Trustee; (c) pay all fees due under 28 U.S.C. § 1930; (d) file any post-
23 confirmation reports required by the 10/29/2014 MMP Plan or the Bankruptcy Court; (e) retain,
24 employ and utilize such Professionals as may be necessary without further approval of the
25 Bankruptcy Court; (f) sell or dispose of assets; (g) abandon property of the Estate that is
26 determined to be burdensome or of inconsequential value; (h) do all things necessary and
27 appropriate to fulfill the duties and obligations of the Reorganized Company under the

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 10/29/2014 MMP Plan and to fully administer the Bankruptcy Estate as required by the
2 10/29/2014 MMP Plan, the Order of Confirmation, the Bankruptcy Code and the Bankruptcy
3 Rules; and (i) move for the entry of a Final Decree and prepare and file any pleadings as may
4 be required by the Bankruptcy Court in connection with the Final Decree and the closing of the
5 Bankruptcy Case.

6 In addition, on the Effective Date, the Reorganized Company shall be substituted as
7 successor to the Debtor and its Estate in all actions, contested matters and adversary
8 proceedings pending or thereafter commenced in the Bankruptcy Court with respect to
9 Disputed Claims. The Chapter 11 Trustee shall have no obligation to pursue any affirmative
10 claims on behalf of the Debtor or its Estate and any such claims may be abandoned or waived at
11 the discretion of the Chapter 11 Trustee, with the advice and consent of the Board of Directors.

12 **K. Responsible Person.**

13 Upon the Effective Date, the Chapter 11 Trustee shall serve as the Responsible Person
14 for the Reorganized Company and shall be fully empowered to execute all documents,
15 agreements and instruments implementing the 10/29/2014 MMP Plan without further order of
16 the Bankruptcy Court or further action by the member(s) of the Reorganized Company, subject
17 to the terms of the 10/29/2014 MMP Plan and any other requirements for Board of Directors
18 approval as may be set out in the 10/29/2014 MMP Plan. Any such document, agreement or
19 instrument executed and delivered by the Chapter 11 Trustee as Responsible Person shall be
20 conclusively deemed duly executed by the Reorganized Company without need for further
21 corporate action or order of the Bankruptcy Court. After the Effective Date, the Chapter 11
22 Trustee as Responsible Person shall be entitled to act as the Estate representative for purposes
23 of implementing and administering the 10/29/2014 MMP Plan without need for further
24 corporate action or order of the Bankruptcy Court, subject only to Board of Director review or
25 oversight as set out elsewhere in the 10/29/2014 MMP Plan.

26 **L. Disbursing Agent.**

27 The Chapter 11 Trustee shall be the Disbursing Agent for all Distributions. Unless
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 otherwise ordered by the Bankruptcy Court, the Disbursing Agent shall serve without a
2 guaranty or fiduciary bond.

3 **M. Tax Returns, Payments and Refunds.**

4 The Chapter 11 Trustee shall file or cause to be filed any and all delinquent and final tax
5 returns and pay any and all taxes owed by the Debtor and the Reorganized Company on a
6 timely basis (other than taxes provided for under the Plan). The right to amend prior tax returns
7 of the Debtor and to pursue and collect all potential tax refunds, to claim losses and to take such
8 other actions to the fullest extent allowed by law to recover value, is reserved to the Chapter 11
9 Trustee.

10 **N. Employee Benefit Plans.**

11 All Benefit Plans in effect as of the Effective Date shall be continued by the
12 Reorganized Company, subject to the rights of the Reorganized Company to modify its
13 employee Benefit Plans from time to time pursuant to applicable nonbankruptcy law. Any
14 obligations of the Debtor to indemnify any Person serving as a fiduciary of any Benefit Plan of
15 the Debtor, under charter, by-laws, contract or applicable state law is deemed to be an
16 executory contract and assumed as of the Confirmation Date (but subject to the occurrence of
17 the Effective Date) and binding on the Reorganized Company. For the avoidance of doubt,
18 Benefit Plans do not include any Insider Employee Compensation Contracts or any provisions
19 thereunder for incentive compensation or otherwise.

20 **O. Further Orders.**

21 Upon motion by the Chapter 11 Trustee, the Bankruptcy Court may enter such other and
22 further orders as may be necessary or appropriate to facilitate consummation of the Plan.

23 **P. Post-Confirmation Employment of Personnel.**

24 The Chapter 11 Trustee may employ or contract with Persons and other Entities to
25 perform, or advise and assist them in the performance of, Trustee obligations under the
26 10/29/2014 MMP Plan. The Chapter 11 Trustee may, but is not required to, continue to employ
27 the Debtor's Professionals for the purposes for which they were employed before the
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Confirmation Date, and for such additional purposes as the Reorganized Company may request,
2 and may employ such other Professionals as may be necessary to perform its responsibilities
3 under the 10/29/2014 MMP Plan.

4 **Q. Post-Confirmation Compensation and Reimbursement of Professionals.**

5 Any Professionals employed by the Reorganized Company after the Confirmation Date
6 shall be entitled to payment of their reasonable post-Confirmation Date fees and reimbursement
7 of expenses on a monthly basis, subject to the following:

8 Until the Bankruptcy Case is closed, each party requesting payment of such
9 compensation shall serve a detailed statement of requested fees and expenses on the Chapter 11
10 Trustee and all other Notice Parties.

11 Any Notice Party or other party in interest (including the Chapter 11 Trustee) may
12 object to any portion of the requested fees and expenses. Any objection to the payment of fees
13 or reimbursement of expenses shall be in writing (and sufficiently detailed to allow the party
14 whose compensation is subject to the objection an opportunity to respond, and ultimately to
15 allow the Bankruptcy Court to rule on such objection) and served on the Chapter 11 Trustee, the
16 Notice Parties and the party whose compensation is subject to the objection. Such an objection
17 must be served within fifteen (15) days after service of the detailed statement.

18 If there is no objection to a party's requested fees and expenses within such fifteen (15)
19 day period, the Chapter 11 Trustee shall cause Reorganized Company promptly to pay the
20 requested amount in full. If an objection to a portion of the fees or expenses requested is timely
21 served, the undisputed portion of such fees and expenses shall be paid.

22 To the extent that an objection is timely served, the Chapter 11 Trustee shall reserve
23 monies in the amount of the disputed fees and expenses pending resolution of said objection.

24 Any objection to a request shall be resolved by either: (a) written agreement between
25 the party requesting such fees and expenses and the objecting party, subject to Chapter 11 Trustee
26 consent and Board of Director approval; or (b) resolution of the disputed amount by the
27 Bankruptcy Court pursuant to Order. Resolution by the Bankruptcy Court shall be requested by
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 motion filed and served on the Notice Parties in accordance with the Bankruptcy Rules and the
2 Local Rules on not less than twenty-one (21) days' notice. Such motion may be filed by either
3 the requesting party or the objecting party. Any opposition to the motion shall be filed and
4 served no later than seven (7) days prior to the hearing.

5 **R. Notice Procedure.**

6 Whenever the Plan requires a Person to provide notice pursuant to the Notice Procedure,
7 such Person seeking the particular relief shall be required to serve a written notice on the Notice
8 Parties, unless a Notice Party has waived written notice in favor of email service, which shall
9 thereafter suffice. Such Person shall be authorized to take the action proposed to be taken in
10 such notice upon the expiration of the period specified in the Plan for such notice unless, before
11 the expiration of the specified notice period, a recipient Notice Party, or a party in interest, has
12 filed an objection to such proposed action with the Bankruptcy Court and scheduled a hearing
13 on such objection within thirty (30) days after the filing of such objection and upon not less
14 than twenty-one (21) days' notice to all Notice Parties. If any such objection is filed, the
15 Person seeking the particular relief shall not take the proposed action unless the Bankruptcy
16 Court approves such action or the objecting party withdraws the objection. Service by
17 electronic filing pursuant to Local Rule 9013-3 shall be adequate for all notices and other
18 pleadings filed with the Bankruptcy Court.

19 **S. Post-Confirmation Fees, Reports, and Final Decree.**

20 1. **U.S. Trustee Fees.**

21 Not later than thirty (30) days after the end of each calendar quarter that ends after the
22 Effective Date (including any portion thereof), the Chapter 11 Trustee shall cause the
23 Reorganized Company to pay to the United States Trustee, pursuant to 28 U.S.C. § 1930(a)(6),
24 the quarterly fee for such quarter until the Bankruptcy Case is converted or dismissed, or the
25 Bankruptcy Court enters the Final Decree.

26 2. **Post-Confirmation Reports.**

27 Not later than thirty (30) days after the end of each calendar quarter which ends after the
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Effective Date, the Chapter 11 Trustee shall file a quarterly post-Confirmation status report in
2 substantially the form provided by the United States Trustee, serving a copy of said report on
3 the Board of Directors and upon any Notice Party so requesting. Further reports shall be filed
4 thirty (30) days after the end of each calendar quarter thereafter until the entry of the Final
5 Decree, unless otherwise ordered by the Bankruptcy Court.

6 Repeated failure to timely file the required reports may constitute a ground for the
7 bringing of a motion to convert or dismiss the Bankruptcy Case, whichever is in the best
8 interest of the creditors and the Estate, pursuant to § 1112(b) of the Bankruptcy Code.

9 **T. Final Decree.**

10 At such time as all motions, contested matters and adversary proceedings have been
11 finally resolved and the Bankruptcy Case is in a condition to be closed, the Chapter 11 Trustee
12 shall cause the Reorganized Company to file an application for the entry of a Final Decree to
13 close the Bankruptcy Case pursuant to § 350 of the Bankruptcy Code and Rule 3022 of the
14 Bankruptcy Rules. Entry of a Final Decree may be sought by the Chapter 11 Trustee
15 Reorganized Company notwithstanding that all payments required by the Plan may not have
16 been completed, provided, however, that the Bankruptcy Case is determined by the Bankruptcy
17 Court to be fully administered; provided further, that the Bankruptcy Court retains jurisdiction
18 to hear all matters involving the further administration of the Plan until all holders of Allowed
19 Claims have been paid in full or as otherwise agreed to or provided for under the Plan. The
20 Chapter 11 Trustee shall serve the application for entry of a Final Decree on the Notice Parties.
21 Pursuant to Local Rule, such application shall be considered by the Bankruptcy Court without a
22 hearing unless within fourteen (14) days after the date of service of the notice, a party in
23 interest files and serves a request for hearing.

24 **ARTICLE XI.**

25 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

26 **A. Assumption of Executory Contracts and Unexpired Leases**

27 Section 365(a) of the Bankruptcy Code permits a trustee, subject to Bankruptcy Court
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 approval, “to assume or reject any executory contract.” Each of the following executory
2 contracts shall be assumed by the Reorganized Company on the Effective Date to the extent
3 each such contract is executory in nature, and Confirmation of the Plan shall effect such
4 assumption: (1) the TPL/Moore/PATRIOT/PDS agreement dated January 23, 2013, (2) TPL’s
5 Agreements with Thunderbird Technologies, (3) the Marcoux-TPL Settlement Agreement.

6 All executory contracts assumed prior to Confirmation or pursuant to the Plan and not
7 otherwise rejected pursuant to the Plan, shall remain in full force and effect, be unimpaired by
8 the Plan except as specifically modified by the Plan and the Confirmation Order, and be
9 binding on the parties thereto.

10 **B. Defaults.**

11 Unless other treatment is agreed to between the parties to each assumed contract or
12 lease, if there has been a default in an assumed executory contract or unexpired lease other than
13 the kind specified in § 365(b)(2) of the Bankruptcy Code, the Debtor or the Reorganized
14 Company, as applicable, shall, on or before the Effective Date: (a) cure, or provide adequate
15 assurance that it will promptly cure, any such default; (b) compensate, or provide adequate
16 assurance that it will promptly compensate, the other party to such contract or lease, for any
17 actual pecuniary loss to such party resulting from such default; and (c) provide adequate
18 assurance of future performance under such contract or lease.

19 **C. Rejection of Executory Contracts and Unexpired Leases.**

20 Pursuant to section 365(a) of the Bankruptcy Code, and without admitting the validity
21 of any other executory contracts and unexpired leases, the following executory contracts and
22 unexpired leases of the Debtor are hereby rejected by the Debtor as of the Effective Date, and
23 Confirmation of the Plan shall be deemed to constitute Bankruptcy Court approval of such
24 rejection: (a) TPL’s Service Agreement with Semiconductor Insights; (b) the PDS/ Alliacense /
25 TPL / PATRIOT July 2012 Services Agreement relating to the MMP Portfolio; (c) The Insider
26 Employee Compensation Contracts; (d) the 13% Investor Contracts; (e) The Amended PDS /
27 TPL Commercialization Agreement from August, 2012.

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **D. Rejection Claims**

2 The holder of a Rejection Claim shall file with the Bankruptcy Court, and serve on the
3 Chapter 11 Trustee, a proof of Claim relative to such Rejection Claim on or before the
4 Rejection Claims Bar Date or be forever barred from asserting any such Claim or receiving any
5 payment or other Distribution on account of such Claim. Any Rejection Claim shall be clearly
6 labeled as such to permit appropriate treatment under the 10/29/2014 MMP Plan by the Chapter
7 11 Trustee. Insiders' claims shall be classified as Insider Rejection Claims and treated under
8 Class 9A of the 10/29/2014 MMP Plan; non-insiders' claims shall be classified as Non-Insider
9 Rejection Claims and treated under Class 8 of the 10/29/2014 MMP Plan.

10 **E. Adding and Removing Executory Contracts and Unexpired Leases**

11 The provisions of this Article VIII may be amended, with appropriate notice to those
12 parties in interest directly affected, at any time prior to the conclusion of the hearing on
13 Confirmation of the Plan, to add or remove executory contracts and unexpired leases to be
14 assumed, assumed and assigned, or rejected pursuant to the Plan; provided, however, that **no**
15 **such amendments shall in any way impact the Licensee Protected Contracts or Licensee**
16 **Parties' rights or defenses thereunder, which shall be fully preserved in all respects,** as set
17 forth in Article XVI of the Plan.

18 **F. Excluded Contracts**

19 The Chapter 11 Trustee shall retain the right to reject any Excluded Contracts, but not
20 any Licensee Protected Contracts or related commercialization agreements, at any time
21 following the Effective Date. Excluded contracts include, but are not limited to the following:
22 (1) TPL's GE Copier leases, (2) TPL's Service Agreement with TriNet Acquisition Corporation,
23 (3) TPL's Plan Service Agreement with Fidelity Management Trust Company and (4) TPL's
24 2012 Service Agreement with Alliacense.

25 Excluded Contracts which have not previously and expressly been assumed or rejected
26 by TPL by final Order of the Court are deemed under such circumstances to have "passed
27 through" the bankruptcy and will remain in effect without modification, unless subsequently

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 rejected in accordance with this Section.

2 For the avoidance of doubt, the Licensee Protected Contracts are not susceptible to
3 rejection by the Reorganized Company and are deemed to have “ridden through” the
4 bankruptcy without prejudice or adverse effects of any kind in accordance with Article XVI of
5 the Plan. All Licensee Protected Contracts are and shall remain in full force and effect and
6 continue to be valid, binding, and enforceable in accordance with their terms against TPL, the
7 Reorganized Company, and all applicable third-party patent owners and their successors and
8 assigns. Furthermore, there shall be no rejection, including no post-Effective Date rejection, of
9 any commercialization agreement or other agreement relating to any of the Licensee Protected
10 Contracts; all such agreements shall either be expressly assumed by the Debtor or shall ride
11 through the Bankruptcy Case unimpaired. Nothing in the Plan, and no act or omission of TPL
12 (such as rejection of or failure to assume any executory contract) shall change any right, interest,
13 claim, license, or defense under the Licensee Protected Contracts.

14 **ARTICLE XII.**

15 **PROOFS OF CLAIM; OBJECTIONS**

16 **A. Time for Filing Proofs of Claim.**

17 The applicable Claims Bar Date for most pre-petition Claims was July 23, 2013 and for
18 governmental units was September 16, 2013.

19 **B. Ownership and Transfers of Claims.**

20 For purposes of any Distribution under the Plan, the Reorganized Company shall not
21 have any obligation to recognize any transfer of Claims occurring thirty (30) days or more after
22 the Effective Date. The Chapter 11 Trustee and the Reorganized Company shall be entitled to
23 recognize and deal for all purposes with only those claimholders of record stated on the claims
24 docket maintained by the Bankruptcy Court, and if none, on the Debtor’s Schedules.

25 **ANY PARTY WHO ACQUIRES A CLAIM AGAINST THE REORGANIZED**
26 **COMPANY THIRTY (30) CALENDAR DAYS OR MORE AFTER THE EFFECTIVE**
27 **DATE MUST ARRANGE WITH THE TRANSFEROR UPON ACQUISITION OF THE**

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 CLAIM, TO RECEIVE DISTRIBUTIONS TO WHICH THE TRANSFEREE MAY BE
2 ENTITLED. NEITHER THE CHAPTER 11 TRUSTEE NOR THE REORGANIZED
3 COMPANY SHALL BE REQUIRED TO TRACK CHANGES IN OWNERSHIP OF
4 CLAIMS THIRTY (30) CALENDAR DAYS OR MORE AFTER THE EFFECTIVE
5 DATE.

6 **C. Amendments to Claims.**

7 Except as provided by the Plan or as otherwise permitted by the Bankruptcy Court, the
8 Bankruptcy Rules or applicable law, proofs of Claim may not be amended later than the
9 applicable Claims Bar Date except for amendments to proofs of Claim to decrease the amount
10 or priority thereof; provided, however, that the foregoing deadline shall not afford a claimant a
11 right to amend a Claim that, pursuant to applicable law, is not subject to amendment.

12 **D. Claim Objections.**

13 An objection to a Claim shall be filed no later than the Claims Objection Deadline. An
14 objection to an Administrative Claim shall be filed no later than the Administrative Claims
15 Objection Deadline. Except as otherwise provided in this Section, any Notice Party may file an
16 objection to a Claim or Administrative Claim. The Chapter 11 Trustee shall have the
17 responsibility to review all proofs of Claim filed against the Debtor, to file objections as
18 appropriate and to resolve Disputed Claims; provided, however, that the Chapter 11 Trustee is
19 directed and required to accept all Committee Claims as Allowed Claims.

20 **E. Disputed Claims.**

21 Subject to the next sentence, any Cash that would be distributed to the holder of a
22 Disputed Claim if it were an Allowed Claim on any Distribution Date hereunder shall be set
23 aside by the Chapter 11 Trustee and deposited into the Disputed Claims Reserve Account. Not
24 later than fifteen (15) days after a Disputed Claim has been Allowed in whole or in part, the
25 Chapter 11 Trustee shall distribute the Cash deposited into the Disputed Claims Reserve
26 Account on account of the Allowed Amount of such Disputed Claim.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **F. Distributions**

2 Notwithstanding any provision of the 10/29/2014 MMP Plan specifying a date for
3 payments or Distributions of consideration, payments and Distributions with respect to any
4 Claim that on such date is disputed, contingent, unliquidated or unknown as to amount, will not
5 be made until a Final Order with respect to an objection, estimation or valuation of such Claim
6 is entered by the Bankruptcy Court, or an agreement is reached between the parties, approved
7 by the Chapter 11 Trustee and ratified by the Board of Directions, whereupon appropriate
8 Distributions shall be made promptly in accordance with the preceding paragraph.
9 Notwithstanding the foregoing, any undisputed portion of a Disputed Claim shall receive a
10 Distribution on the undisputed portion of the Claim at the same time as Allowed Claims in the
11 same Class pursuant to the 10/29/2014 MMP Plan.

12 **ARTICLE XIII.**

13 **RETAINED CLAIMS**

14 **A. Prosecution of Retained Claims**

15 Except as otherwise provided in this Section, the Chapter 11 Trustee shall collect and
16 prosecute all of the Retained Claims. In determining whether and how to collect and prosecute
17 the Retained Claims on behalf of the Reorganized Company, the Chapter 11 Trustee shall first
18 consult with the Board of Directors, and shall not compromise any Retained Claim, file suit to
19 collect any Retained Claim, or make any other major decision with regard thereto without the
20 written consent of the Board of Directors or an order of the Bankruptcy Court.

21 With respect to any Retained Claim against any member of the Committee, the Chapter
22 11 Trustee shall independently collect, investigate and prosecute all such Retained Claims. To
23 the extent that such authority is required, the Chapter 11 Trustee is hereby appointed as
24 representative of the estate pursuant to § 1123 of the Bankruptcy Code with respect to the
25 prosecution and liquidation of any Retained Claim against current or former insiders, officers,
26 directors and employees of the TPL, and any affiliated or related Persons and Entities thereto.
27 The terms of employment of any Professional retained by the Chapter 11 Trustee relative to the

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Retained Claims shall be subject to the approval of the Board of Directors, or absent such
2 approval, order of the Bankruptcy Court.

3 Approval of the Bankruptcy Court shall not be required for the settlement or other
4 resolution of any Retained Claims; provided, however, that the Chapter 11 Trustee shall
5 comply with the Notice settling or resolving any Retained Claim where the amount at issue
6 exceeds \$10,000.

7 **B. Preservation of Claims and Rights.**

8 As the process of investigating and evaluating the Debtor's transactions and records
9 remains ongoing, such process may result in additional claims against Persons not yet identified
10 herein and may also result in other claims against Persons identified herein in addition to those
11 identified at this point in time.

12 The Reorganized Company, by and through the Chapter 11 Trustee, shall retain after
13 Confirmation and after the Effective Date, all powers granted by the Bankruptcy Code and the
14 Bankruptcy Rules for, without limitation, recovery of property, avoidance of liens, and
15 objection to, and/or subordination of, Claims. Confirmation of the Plan effects no settlement,
16 compromise, waiver or release of any Retained Claim, cause of action or claim for relief held
17 by the Committee, the Bankruptcy Estate, the Debtor or the Reorganized Company unless the
18 Plan or Order of Confirmation specifically and unambiguously so provides. The failure of the
19 Plan to refer to any particular Retained Claim is not and will not be construed as a settlement,
20 compromise, waiver, or release of any such Retained Claim. All Retained Claims are hereby
21 preserved and will continue to remain valid after the Effective Date.

22 Except as provided in the 10/29/2014 MMP Plan or the Order of Confirmation, any and
23 all of claims, Retained Claims, causes of action and rights against any and all third parties,
24 whether such claims, Retained Claims, causes of action or rights arose before, on or after the
25 Petition Date, the Confirmation Date, the Effective Date and/or the date Distributions are made,
26 held by the Chapter 11 Trustee, the Bankruptcy Estate, the Debtor and/or the Reorganized
27 Company, as applicable, are reserved to the fullest extent allowable under applicable law, as

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 such law may be extended or interpreted subsequent to the Effective Date. The entry of the
2 Confirmation Order will not constitute *res judicata* as to any such claims or otherwise bar, estop
3 or inhibit any actions by the Chapter 11 Trustee or the Reorganized Company upon any claims
4 they hold as identified herein or otherwise.

5 Immediately upon confirmation of the 10/29/2014 MMP Plan, the Chapter 11 Trustee
6 shall dismiss without prejudice (a) the Browns/TPL Appeal; and (b) the TPL/Moore ‘Roe’
7 Litigation. Subject to the Chapter 11 Trustee’s business judgment, in consultation with the
8 Board of Directors, regarding the pursuit of any particular Retained Claim (which may entail
9 evaluation, among other things, of the cost of pursuing such Retained Claim), the Reorganized
10 Company by and through the Chapter 11 Trustee shall be authorized to pursue all Retained
11 Claims. Without limiting the generality of the scope of the previous paragraphs, the Retained
12 Claims identified at this time include: (a) the Patent Actions which include, without limitation,
13 any and all infringement claims before the ITC and various United States District Courts for the
14 Eastern District of Texas, the District of Delaware and the Northern District of California
15 involving the MMP Portfolio, the CORE Flash Portfolio and the Fast Logic Portfolio; (b) any
16 and all claims and causes of action identified in the Debtor’s Schedules and Statement of
17 Financial Affairs; and (e) any and all actions against Venkidu, Onspec, Chipscale, and Indigita,
18 and against all present and past insiders and senior management of TPL, including without
19 limitation, Dwayne Hannah, Mike Davis, Susan Anhalt, Mac Leckrone, Leckrone, Janet Neal,
20 Nick Antonopoulos, Interconnect Portfolio, John Leckrone, Alliacense, Eric Saunders, Michael
21 Montvelishsky, William Martin and any and all entities wholly-owned or partially owned by
22 Leckrone, which actions may include, without limitation, whether asserted directly or under an
23 alter ego theory, actions to subordinate, recharacterize and/or avoid claims, to challenge the
24 validity of liens, to recover preferences and fraudulent conveyances, for breach of fiduciary
25 duty, for usurpation of corporate opportunity, for unfair business practices, for conversion, for
26 misappropriation of funds, for fraud and for misrepresentation.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **ARTICLE XIV.**

2 **REQUEST FOR CONFIRMATION**

3 Mr. Moore, as the proponent of the 10/29/2014 MMP Plan, requests Confirmation of the
4 10/29/2014 MMP Plan. In the event any Impaired Class of Claims entitled to vote does not
5 accept the Plan by the requisite statutory majorities provided in § 1126(c) of the Bankruptcy
6 Code, Mr. Moore hereby requests that the Bankruptcy Court confirm the Plan in accordance
7 with the provisions of § 1129(b) of the Bankruptcy Code.

8 **ARTICLE XV.**

9 **RETENTION OF JURISDICTION**

10 Notwithstanding the entry of the Confirmation Order and the occurrence of the
11 Effective Date, the Bankruptcy Court shall retain and have all authority and jurisdiction as is
12 allowed under the Bankruptcy Code and other applicable law to enforce the provisions,
13 purposes, and intent of this Plan, including matters or proceedings that relate to:

14 (a) Proceedings initiated before or after the Confirmation Date and the Effective
15 Date regarding the prosecution of the Retained Claims or any other rights, claims, causes of
16 action or claims for relief held by the Chapter 11 Trustee, the Bankruptcy Estate, the Debtor or
17 the Reorganized Company against any Person, including the recovery of property and
18 subordination of Claims;

19 (b) Allowance, disallowance, determination, liquidation, classification,
20 subordination, estimation, or establishment of the priority or secured or unsecured status of any
21 Claim, including the resolution of any request for payment of any Administrative Claim and the
22 resolution of any and all objections to the allowance or priority of Claims;

23 (c) Requests for the payment of Claims entitled to priority under § 507(a) of the
24 Bankruptcy Code, including compensation and reimbursement of expenses for Professionals to
25 the extent Court approval therefore is required under the Plan or the Confirmation Order;

26 (d) The title, rights or interests of the Debtor or the Reorganized Company in any
27 property, including the recovery of all assets and property of the Bankruptcy Estate wherever
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 located;

2 (e) Any right, power, action, or duty of the Chapter 11 Trustee, the Bankruptcy
3 Estate, the Committee, the IP Owners, the Debtor or the Reorganized Company under the Plan;

4 (f) Any determination or estimation necessary or appropriate under § 505 of the
5 Bankruptcy Code or other determination or estimation relating to tax returns filed or to be filed
6 by the Debtor or the Reorganized Company for periods through the end of the fiscal year in
7 which the Effective Date occurs, including determination of the amount of taxes, net operating
8 losses, tax attributes, tax benefits, tax refunds, and related matters of the Debtor or the
9 Reorganized Company;

10 (g) Any matters related to the assumption, assumption and assignment, or rejection
11 of any executory contract or unexpired lease to which the Debtor or the Reorganized Company
12 is a party and to hear, determine and, if necessary, liquidate, any claims arising from, or cure
13 amounts related to, such assumption or rejection;

14 (h) Resolution of controversies and disputes, including the correction of any mistake,
15 defect, or omission regarding consummation, interpretation or enforcement of the Plan, the
16 Confirmation Order, and any agreements referred to in the Plan or executed in contemplation of
17 or to implement the Plan;

18 (i) Resolution of any motions, adversary proceedings (including Retained Claims),
19 contested or litigated matters, and any other matters, and to grant or deny any applications or
20 motions involving the Chapter 11 Trustee, the Debtor or the Reorganized Company that may be
21 pending on the Effective Date;

22 (j) Entry of such orders as may be necessary or appropriate to implement or
23 consummate the provisions of the Plan and all contracts, instruments, releases, and other
24 agreements or documents created in connection with the Plan or the 10/29/2014 MMP
25 Disclosure Statement;

26 (k) Modification of or amendments to the Plan before or after the Effective Date
27 under § 1127 of the Bankruptcy Code or modification of the 10/29/2014 MMP Disclosure
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Statement or any contract, instrument, release, or other agreement or document created in
2 connection with the 10/29/2014 MMP Plan or the 10/29/2014 MMP Disclosure Statement; or
3 remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order,
4 the Plan, the 10/29/2014 MMP Disclosure Statement or any contract, instrument, release, or
5 other agreement or document created in connection with the 10/29/2014 MMP Plan or the
6 10/29/2014 MMP Disclosure Statement in such manner as may be necessary or appropriate to
7 consummate the Plan, to the extent authorized by the Bankruptcy Code;

8 (l) The entry of an order including injunctions, necessary to enforce the title, rights,
9 and powers of the Chapter 11 Trustee, the Bankruptcy Estate, the Debtor or the Reorganized
10 Company and the purposes and intent of the Plan, and to impose such limitations, restrictions,
11 terms and conditions of such title, rights and powers as the Bankruptcy Court may deem
12 necessary;

13 (m) Implementation of the provisions of the 10/29/2014 MMP Plan and entry of such
14 orders (i) in aid of Confirmation of the Plan or (ii) as are necessary or appropriate if the Order
15 of Confirmation is for any reason modified, stayed, reversed, revoked, or vacated;

16 (n) Determine any other matters that may arise in connection with or relate to the
17 10/29/2014 MMP Plan, the 10/29/2014 MMP Disclosure Statement, the Confirmation Order or
18 any contract, instrument, release, or other agreement or document created in connection with
19 the 10/29/2014 MMP Plan, the 10/29/2014 MMP Disclosure Statement or the Confirmation
20 Order except as otherwise provided in the 10/29/2014 MMP Plan, or as otherwise provided
21 under the Bankruptcy Code or other applicable law;

22 (o) Determine any claim of any Person of any nature whatsoever against the
23 Professionals arising in or related to the Bankruptcy Case; or

24 (p) The entry of a Final Decree closing the Bankruptcy Case, including provisions
25 for injunctive relief as may be equitable, consistent with Bankruptcy Rule 3022 and or retention
26 of jurisdiction for the Bankruptcy Court for purposes of this Article XII.

27 If closed, the Bankruptcy Case may be reopened at any time to facilitate the provisions

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 of this Article XV of the Plan.

2 **ARTICLE XVI.**

3 **EFFECT OF CONFIRMATION**

4 As of the Confirmation Date, the effect of Confirmation shall be as provided in § 1141
5 of the Bankruptcy Code, and as follows:

6 **A. Binding Effect of Plan.**

7 The provisions of the confirmed Plan shall bind the Chapter 11 Trustee, the Debtor, the
8 Reorganized Company, any Entity acquiring property under or otherwise accepting the benefits
9 of the 10/29/2014 MMP Plan, and every Creditor and Interest Holder, whether or not such
10 Creditor or Interest Holder has filed a proof of Claim or Interest in the Bankruptcy Case,
11 whether or not the Claim or Interest of such Creditor or Interest Holder is Impaired under the
12 10/29/2014 MMP Plan, and whether or not such Creditor or Interest Holder has accepted or
13 rejected the 10/29/2014 MMP Plan.

14 **B. Vesting Of Property.**

15 Subject to the provisions of this 10/29/2014 MMP Plan and the Order of Confirmation,
16 the property of the Debtor and the Bankruptcy Estate shall vest in the Reorganized Company on
17 the Effective Date. As of the Effective Date, all such property shall be free and clear of any and
18 all liens, encumbrances, Claims and Interests of Creditors and Interest Holders except as
19 otherwise provided in the 10/29/2014 MMP Plan, including, without limitation, the Unsecured
20 Creditors' Security Interest. Revesting does not modify the nature of any contracts assumed
21 pursuant to the 10/29/2014 MMP Plan.

22 **C. Discharge.**

23 Except as otherwise provided in the Plan or the Order of Confirmation, the rights
24 afforded under the 10/29/2014 MMP Plan and the treatment of Claims and Interests under the
25 10/29/2014 MMP Plan are in exchange for and in complete satisfaction, discharge, and release
26 of, all Claims, including any interest accrued thereon from and after the Petition Date, against
27 the Debtor, the Reorganized Company, the Bankruptcy Estate, or any assets or property of the
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Debtor, the Reorganized Company and the Bankruptcy Estate. Except as provided in the Plan
2 or the Order of Confirmation, pursuant to Bankruptcy Code § 1141(d), Confirmation forever
3 discharges the Debtor and the Reorganized Company from any and all Claims and all debts that
4 arose before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h) or
5 502(i) of the Bankruptcy Code, whether or not: (a) a proof of Claim based on such debt is filed
6 or deemed filed under § 501 of the Bankruptcy Code; (b) a Claim based on such debt is
7 Allowed under § 502 of the Bankruptcy Code; or (c) the holder of a Claim based on such debt
8 has accepted the Plan.

9 **D. Exculpation.**

10 To the extent permitted under applicable law, none of Mr. Moore, the Chapter 11
11 Trustee, the Bankruptcy Estate, the Reorganized Company, the Committee, the members of the
12 Committee (solely in their capacity as such), the Board of Directors, and their respective
13 officers, directors, members, managers, employees, advisors, attorneys, agents, or direct and
14 indirect affiliates will have or will incur any liability to any holder of a Claim or Interest, or any
15 other party in interest, or any of their respective members or former members, agents,
16 employees, representative, financial advisors, attorneys or affiliates or any of their predecessors,
17 successors, or assigns, for any act or omission in connection with, relating to, or arising out of,
18 the Bankruptcy Case, the negotiation and pursuit of confirmation of the 10/29/2014 MMP Plan,
19 the confirmation of the 10/29/2014 MMP Plan, the consummation of the 10/29/2014 MMP
20 Plan, or the administration of the 10/29/2014 MMP Plan excluding the obligations of the
21 Chapter 11 Trustee, the Debtor, the Reorganized Company or its Board of Directors under the
22 Plan and any acts or omissions of any Person covered by this Section constituting willful
23 misconduct or gross negligence, and in all respects such Persons shall be entitled to rely on the
24 advice of counsel with respect to their duties and responsibilities under the Plan.

25 **E. Injunction.**

26 **As of the Confirmation Date, all Persons or Entities that have held, currently hold**
27 **or may hold a Claim or other debt or liability that is discharged or any other right that is**

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 terminated under the Bankruptcy Code or the Plan are permanently enjoined from
2 commencing or continuing any action, the employment of process, or other action, to
3 collect, recover or offset any such Claim or debt as a liability of the Bankruptcy Estate or
4 the Reorganized Company to the fullest extent permitted by Bankruptcy Code § 524.

5 **F. Preservation of Insurance.**

6 The discharge and release from Claims as provided in the 10/29/2014 MMP Plan,
7 except as necessary to be consistent with the 10/29/2014 MMP Plan, do not diminish or impair
8 the enforceability of any insurance policy that may cover Claims against the Chapter 11 Trustee,
9 the Debtor, the Bankruptcy Estate, the Reorganized Company or any other Person.

10 **G. Reservation of Powers.**

11 Subject to the limitations in the Plan, including Article XVI thereof, the Reorganized
12 Company shall retain all powers granted by the Bankruptcy Code, the Bankruptcy Rules and
13 the Local Rules to a trustee or debtor in possession, including those with respect to the recovery
14 of property and objections to, and/or subordination of, Claims and Interests.

15 **ARTICLE XVII.**

16 **MISCELLANEOUS**

17 **A. Injunctions and Stays.**

18 Unless otherwise provided, all injunctions or stays arising under or entered during the
19 Bankruptcy Case under § 105 or § 362 of the Bankruptcy Code, or otherwise, and in existence
20 on the Confirmation Date, shall remain in full force and effect until the Effective Date.

21 **B. No Admissions.**

22 Except as specifically provided in the 10/29/2014 MMP Plan, nothing contained in the
23 10/29/2014 MMP Plan shall be deemed or construed in any way as an admission by the
24 Bankruptcy Estate with respect to any matter set forth in the 10/29/2014 MMP Plan, including
25 the amount or allowability of any Claim, or the value of any property of the Bankruptcy Estate.

26 Notwithstanding anything to the contrary in the 10/29/2014 MMP Plan, if the
27 10/29/2014 MMP Plan is not confirmed or the Effective Date does not occur, the 10/29/2014

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 MMP Plan shall be null and void, and nothing contained in the 10/29/2014 MMP Plan or
2 10/29/2014 MMP Disclosure Statement shall: (a) be deemed to be an admission with respect to
3 any matter discussed in the 10/29/2014 MMP Plan, including liability on any Claim or the
4 propriety of any Claim's classification; (b) constitute a waiver, acknowledgement, or release of
5 any Claim, Interest, or any claims held by the Bankruptcy Estate or the Committee; or (c)
6 prejudice in any manner the rights of the Bankruptcy Estate or the Committee in any further
7 proceedings.

8 **C. Revocation of the Plan.**

9 Mr. Moore reserves the right to revoke or withdraw the 10/29/2014 MMP Plan before
10 the Confirmation Date.

11 **D. Modification of Plan.**

12 Mr. Moore may propose amendments to or modifications of the 10/29/2014 MMP Plan
13 under § 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to the
14 conclusion of the hearing on Confirmation of the 10/29/2014 MMP Plan, but not if such
15 amendments or modifications adversely affect Licensees or Article XVI of the Plan.

16 In the event that Classes entitled to vote fail to accept the 10/29/2014 MMP Plan in
17 accordance with Bankruptcy Code § 1129(a)(8), Mr. Moore reserves the right to modify the
18 10/29/2014 MMP Plan in accordance with Bankruptcy Code § 1127(a).

19 After the Confirmation Date, the Reorganized Company through the Chapter 11 Trustee
20 may modify the 10/29/2014 MMP Plan in accordance with § 1127(b) of the Bankruptcy Code
21 and Bankruptcy Rule 3019.

22 **E. Saturday, Sunday and Legal Holiday.**

23 If any payment or act under the 10/29/2014 MMP Plan should be made or performed on
24 a day that is not a Business Day, then the payment or act may be completed the next succeeding
25 day that is a Business Day, in which event the payment or act will be deemed to have been
26 completed on the required day.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **F. Plan Interpretation.**

2 The headings contained in the 10/29/2014 MMP Plan are for convenience of reference
3 only and shall not limit or otherwise affect in any way the meaning or interpretation of the
4 10/29/2014 MMP Plan. All references in the 10/29/2014 MMP Plan to the singular shall be
5 construed to include references to the plural and vice versa. All references in the 10/29/2014
6 MMP Plan to any one of the masculine, feminine or neuter genders shall be deemed to include
7 references to both other such genders. References to the Debtor shall also include the
8 Reorganized Company (or vice versa) as the context requires. All exhibits, if any, attached to
9 the 10/29/2014 MMP Plan are, by this reference, hereby incorporated into the Plan. All
10 references in the 10/29/2014 MMP Plan to a Section or an Article shall mean the appropriately
11 numbered Section or Article of the 10/29/2014 MMP Plan. Whenever the 10/29/2014 MMP
12 Plan uses the term “including,” such reference shall be deemed to mean “including, but not
13 limited to.”

14 **G. Governing Law.**

15 Except to the extent that the Bankruptcy Code or other federal law is applicable, the
16 rights, duties and obligations of the Chapter 11 Trustee, the Debtor, the Reorganized Company,
17 its Board of Directors, all Creditors and any other Person arising under the 10/29/2014 MMP
18 Plan shall be governed by, and construed and enforced in accordance with, the laws of the State
19 of California, without giving effect to California’s choice of law provisions.

20 **H. Setoff/Recoupment.**

21 The Reorganized Company may, but is not required to, setoff or recoup against any
22 Claim or Interest and the payments or other Distribution to be made under the 10/29/2014
23 MMP Plan in respect of such Claim or Interest, claims of any nature whatsoever that arose
24 before the Petition Date that the Debtor may have against the holder of such Claim or Interest
25 to the extent such claims may be setoff or recouped under applicable law, but neither the failure
26 to do so nor the allowance of any Claim or Interest under the 10/29/2014 MMP Plan shall
27 constitute a waiver or release by the Bankruptcy Estate or the Reorganized Company of any

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 claim that they may have against such Person.

2 **I. Waiver.**

3 After the Confirmation Date, except as otherwise specifically set forth in the 10/29/2014
4 MMP Plan, any term of the 10/29/2014 MMP Plan may be waived in writing only by the party
5 or parties entitled to the benefit of the term to be waived.

6 **J. Notices.**

7 Except for service by electronic filing as permitted by Section VII-P of the 10/29/2014
8 MMP Plan, all notices required or permitted to be made in accordance with the 10/29/2014
9 MMP Plan shall be in writing and shall be delivered personally or by first class mail, subject to
10 any changes of addresses, notices of which shall be filed with the Bankruptcy Court, the
11 following:

12 If to Creditor Charles H. Moore or the Reorganized Company:

13 []
14 Chapter 11 Trustee
15 Address to be provided

16 If to Charles H. Moore:

17 Charles H. Moore
18 c/o Kenneth H. Prochnow
19 Chiles and Prochnow, LLP
20 2600 El Camino Real #412
21 Palo Alto, CA 94306

22 With a copy to:

23 Kenneth H. Prochnow
24 Chiles & Prochnow, LLP
25 2600 El Camino Real #412
26 Palo Alto, CA 94306;

27 and if to a holder of an Allowed Claim, at the address set forth in its proof of Claim filed
28 in the Bankruptcy Case, or if none, at its address set forth in the Schedules. Notices shall be
deemed given when delivered or deposited in the United States mail. Any Person or Entity
may change the address at which such Person or Entity is to receive notices under the
10/29/2014 MMP Plan by filing its change of address with the Bankruptcy Court and

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 serving the Debtor or the Reorganized Company and its counsel at the addresses provided in
2 this Section.

3 **K. Reservation of Rights.**

4 Neither the filing of the 10/29/2014 MMP Plan nor any statement or provision
5 contained in the 10/29/2014 MMP Plan or in the 10/29/2014 MMP Disclosure Statement, nor
6 the taking by any party in interest of any action with respect to the 10/29/2014 MMP Plan,
7 shall: (a) be or be deemed to be an admission against interest; and (b) until the Effective Date,
8 except as set forth in Article XIX, be or be deemed to be a waiver of any rights any party in
9 interest may have: (i) against any other party in interest; or (ii) in any of the assets of any other
10 party in interest, and, until the Effective Date, all such rights are specifically reserved. In the
11 event that the 10/29/2014 MMP Plan is not confirmed or fails to become effective, neither the
12 10/29/2014 MMP Plan nor the 10/29/2014 MMP Disclosure Statement nor any statement
13 contained in the 10/29/2014 MMP Plan or in the 10/29/2014 MMP Disclosure Statement may
14 be used or relied upon in any manner in any suit, action, proceeding or controversy within or
15 without this Bankruptcy Case involving the Debtor, except with respect to Confirmation of the
16 10/29/2014 MMP Plan.

17 **L. Severability**

18 Should any term or provision of the 10/29/2014 MMP Plan be determined to be
19 unenforceable, such determination shall in no way limit or affect the enforceability and
20 operative effect of any other term or provisions of the 10/29/2014 MMP Plan.

21 **ARTICLE XVIII.**

22 **DEFAULT PROVISIONS**

23 If the Reorganized Company shall default in the performance of any of its obligations
24 under the 10/29/2014 MMP Plan, and shall not have cured such default within a period of 10
25 days after receipt of written notice of such default from any party in interest affected by the
26 alleged default, then such party in interest may move the Bankruptcy Court, upon notice to the
27 Notice Parties, for an order directing the Reorganized Company to perform such obligations. If
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{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 the Reorganized Company fails to perform such obligations within 21 days, any party in
2 interest, including, but not limited to, the Office of the United States Trustee, may immediately
3 (i) move to set aside the Confirmation Order; (ii) move for the appointment of a replacement
4 Chapter 11 Trustee; (iii) move to convert the case to a case under Chapter 7 of the Bankruptcy
5 Code; or (iv) in the instance of the Chapter 11 Trustee, foreclose on the Unsecured Creditors'
6 Security Interest in all TPL Assets.

7 In the event the Bankruptcy Court enters an order converting the Bankruptcy Case to a
8 case under Chapter 7 of the Bankruptcy Code, the 10/29/2014 MMP Plan executory provisions
9 of the Plan shall terminate, excluding Article XIX, which shall survive, notwithstanding any
10 default or associated conversion to Chapter 7 and all property of the Reorganized Company
11 shall vest in the Chapter 7 estate. Such property shall be administered by the Chapter 7 trustee
12 as prescribed in Chapter 7 of the Bankruptcy Code. Any party in interest may oppose any such
13 motion.

14 **ARTICLE XIX.**

15 **OVERRIDING PROTECTIONS FOR LICENSEE PARTIES**

16 All existing licenses issued by Alliacense or by TPL "ride through" the bankruptcy case
17 without change or prejudice to the rights of licensees of the MMP Portfolio or of any of the
18 other aggregated TPL patent portfolios.

19 Licensee rights are addressed specifically and at length in Part XVI of the 10/29/2014
20 MMP Plan.

21 **ARTICLE XX.**

22 **RISK FACTORS.**

23 Holders of Claims against the Debtor should read and consider carefully the factors set
24 forth below, as well as the other information set forth in this 10/29/2014 MMP Disclosure
25 Statement (and the documents delivered together herewith and/or incorporated herein by
26 reference), prior to voting to accept or reject the Plan. If any of the risk factors discussed below
27 materialize, thereby hindering the Debtor's or Reorganized Company's ability to successfully
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 reorganize and/or consummate the Plan, the Debtor and/or Reorganized Company may pursue
2 other alternatives such as a liquidation or further reorganization under the Bankruptcy Code or
3 applicable state law. This could result in distributions to Creditors which are less than the
4 Distributions provided under the Plan; however, in any such instance, distributions still would
5 likely exceed payment to Creditors in a Chapter 7 scenario where there would be no license to
6 liquidate the Company's inventory. The below risk factors should not be regarded as
7 constituting the only risks involved in connection with the Plan and its implementation.

8 **A. Certain Bankruptcy Considerations.**

9 Although Mr. Moore believes that the Plan will satisfy all requirements necessary for
10 Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court or
11 any court hearing an appeal from the Confirmation Order will reach the same conclusion.
12 Moreover, there can be no assurance that modifications to the Plan will not be required for
13 Confirmation or that such modifications would not necessitate the re-solicitation of votes. In
14 addition, although the Debtor believes that the Effective Date will occur soon after the
15 Confirmation Date, there can be no absolute assurance in this regard.

16 **B. Risks Relating to the Appended Pro Formas.**

17 Mr. Moore has prepared the Pro Formas attached hereto as Exhibits 3 and 4
18 (incorporated herein by reference), which provide financial information with key assumptions,
19 in connection with the development of the 10/29/2014 MMP Plan, to present the projected
20 effects of the Plan and the transactions contemplated thereby. The Pro Formas assume that the
21 Plan and the transactions contemplated thereby will be implemented in accordance with their
22 respective terms, and are based on numerous other assumptions and estimates. The
23 assumptions and estimates underlying the Pro Formas are inherently uncertain and are subject
24 to significant business, economic and competitive risks and uncertainties that could cause actual
25 results to differ materially from those projected. Accordingly, the Pro Formas are not
26 necessarily indicative of the future financial condition or results of operations of the
27 Reorganized Company, which may vary significantly from those set forth in the Projections.

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

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C. Claims Estimates and Distributions Risks.

The Administrative Claims Bar Date and Rejection Claims Bar Date will occur after Confirmation, and the Allowed amount of such Claims may increase the total liabilities of the Reorganized Company.

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1 **D. Risks of Implementing Plan.**

2 A significant part of the success of the Plan will be the cost-reduction benefits realized
3 by the anticipated elimination of Alliacense as a service provider and licensing agent for the
4 MMP and potentially the non- MMP Portfolios. New management may determine that that it
5 would be in the best interest of the Reorganized Debtor to negotiate a new arrangement with
6 Alliacense. There is no assurance that the Debtor and/or the Reorganized Company will be
7 able to successfully negotiate such an agreement. The Debtor’s and/or the Reorganized
8 Company’s inability to negotiate such an agreement with Alliacense could adversely affect
9 implementation of the Plan, and delay completion of Plan objectives and goals.

10 Mr. Moore has based his projections on the Debtor’s historical performance over the
11 last three years. However, unforeseen variables may significantly impact the forecast causing
12 actual financial results to differ materially.

13 **ARTICLE XXI:**

14 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN.**

15 **A. Introduction.**

16 The implementation of the Plan may have federal, state, and local tax consequences to
17 the Debtor and the Debtor’s Creditors and Interest Holder. No tax opinion has been sought or
18 will be obtained with respect to any tax consequences of the Plan. This 10/29/2014 MMP
19 Disclosure Statement does not constitute and is not intended to constitute either a tax opinion or
20 tax advice to any person, and the summary contained herein is provided for informational
21 purposes only.

22 “Implementation of the Plan may result in federal income tax consequences to creditors.
23 Tax consequences to a particular creditor may depend on the particular circumstances or facts
24 regarding the claim of the creditor. No tax opinion has been sought or will be obtained with
25 respect to any tax consequences of the Plan, and the following disclosure does not constitute
26 and is not intended to constitute either a tax opinion or tax advice to any person. Rather, the
27 following disclosure is provided for informational purposes only.

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 The federal tax consequences of the Plan to a hypothetical creditor typical of the holders
2 of claims or interests in this case depend to a large degree on the accounting method adopted by
3 that hypothetical creditor. A “hypothetical creditor” in this case is defined as a general
4 unsecured creditor. In accordance with federal tax law, a holder of such a claim that uses the
5 accrual method and who has posted its original sale to TPL as income at the time of the product
6 sold or the service provided hypothetically should adjust any net operating loss to reflect the
7 amounts paid by TPL under the Plan provided that holder previously deducted the liability to
8 TPL as a “bad debt” for federal income tax purposes. Should that holder lack a net operating
9 loss, then in accordance with federal income tax provisions, the holder should treat the dividend
10 paid as ordinary income, again provided the holder previously deducted the liability to TPL as a
11 “bad debt” for federal income tax purposes. If the accrual basis holder of the claim did not
12 deduct the liability as a “bad debt” for federal income tax purposes, then the amount paid by
13 TPL has no current income tax implication.

14 A holder of a claim that uses a cash method of accounting would, in accordance with
15 federal income tax laws, treat the amount paid as income at the time of receipt.

16 **MR. MOORE MAKES NO REPRESENTATIONS REGARDING THE**
17 **PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND**
18 **CONSUMMATION OF THE PLAN AS TO ANY CREDITOR. EACH PARTY**
19 **AFFECTED BY THE PLAN SHOULD CONSULT HER, HIS OR ITS OWN TAX**
20 **ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN**
21 **WITH RESPECT TO A CLAIM.”**

22 **ARTICLE XXII:**

23 **VOTING PROCEDURES AND REQUIREMENTS.**

24 **A. Creditors and Interest Holders Entitled to Vote.**

25 Only Impaired (as that term is defined in Section 1124 of the Bankruptcy Code) Classes
26 under the Plan are entitled to vote on the Plan.

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28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 **B. Definition of Impairment.**

2 Section 1124 of the Bankruptcy Code provides in part as follows:

3 . . . a class of claims or equity interests is Impaired under a plan unless,
4 with respect to each claim or equity interest of such class, the plan-

5 (1) leaves unaltered the legal, equitable, and contractual rights of the
6 holder of such claim or interest; or

7 (2) notwithstanding any contractual provision or applicable law that
8 entitles the holder of a claim or interest to demand or receive accelerated
9 payment of its claim or interest after the occurrence of a default:

10 (A) cures any such default that occurred before or after the
11 commencement of the case under this title, other than a default of a kind
12 specified in section 365(b)(2) of this title or of a kind that section 365(b)(2)
13 expressly does not require to be cured;

14 (B) reinstates the maturity of such claim or interest as such maturity
15 existed before such default;

16 (C) compensates the holder of such claim or interest for any damages
17 incurred as a result of any reasonable reliance by such holder on such
18 contractual provision or applicable law;

19 (D) if such claim or such interest arises from any failure to perform a
20 nonmonetary obligation, other than a default arising from failure to operate a
21 nonresidential real property lease subject to section 365(b)(1)(A), compensates
22 the holder of such claim or such interest (other than the debtor or an insider) for
23 any actual pecuniary loss incurred by such holder as a result of such failure; and

24 (E) does not otherwise alter the legal, equitable, or contractual rights
25 to which such claim or interest entitles the holder of such claim or interest.

26 **C. Classes Impaired Under the Plan.**

27 Classes are Impaired by the Plan and entitled to vote. No other Classes are Impaired
28 under the Plan. Pursuant to Section 1126(f) of the Bankruptcy Code, a Class that is not
29 Impaired under the Plan, and each holder of a Claim or Interest of such Class, are conclusively
30 presumed to have accepted the Plan, and solicitation of acceptances with respect to such Class
31 from the holders of Claims or Interests of such class is not required. Therefore, Creditors from
32 Classes 2 and 3, and the holder of Interests in Class 9 do not need to return a Ballot.

33 **D. Vote Required for Class Acceptance.**

34 The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance
35 by the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of
36 the claims of that class which actually cast ballots for acceptance or rejection of the Plan, i.e.,
37 acceptance takes place only if two-thirds (2/3) in amount and a majority in number of the
38 Creditors voting cast their ballots in favor of acceptance.

39 The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 by the holders of two-thirds (2/3) in amount of the allowed interests of that class which actually
2 cast ballots for acceptance or rejection of the plan, i.e., acceptance in a class of interests takes
3 place only if the holders of two-thirds (2/3) in the amount of the allowed interests in the class
4 cast their ballots in favor of acceptance. As discussed above, the Plan does not impair the rights
5 of the holder of Allowed Interests, and Class 9 is conclusively presumed to have accepted the
6 Plan.

7 **E. Procedures.**

8 With the Plan and 10/29/2014 MMP Disclosure Statement, Creditors will receive a
9 Ballot and instructions for voting on the Plan. You should read the Ballot carefully and follow
10 the instructions contained therein. Please use only the Ballot sent to you with this 10/29/2014
11 MMP Disclosure Statement and the Plan.

12 Creditors in Class 6 who wish to receive treatment under Class 5 must indicate their
13 election to be in Class 5 where indicated on the Ballot, or they will receive treatment in Class 6.

14 A Claim to which an objection has been filed is not an Allowed Claim unless and until
15 the Bankruptcy Court rules on the objection. Pursuant to a motion by a Creditor, the
16 Bankruptcy Court may temporarily allow a Disputed Claim to which an objection has been
17 filed for purposes of voting on the Plan. Therefore, although holders of Disputed Claims to
18 which an objection has been filed will receive Ballots, these votes will not be counted unless
19 the Bankruptcy Court temporarily allows such Claims for purposes of voting on the Plan.

20 If a party in interest is a member of more than one Class, it will receive a Ballot for each
21 Class. **IF YOU ARE A MEMBER OF MORE THAN ONE CLASS, YOU MUST FILL OUT
22 AND RETURN ALL BALLOTS SENT TO YOU FOR YOUR VOTE TO COUNT IN EACH
23 CLASS. CREDITORS WISHING TO VOTE ON THE PLAN MUST COMPLETE THE
24 BALLOT PROVIDED AND RETURN IT NO LATER THAN _____, 2014
25 TO:**

26 TPL Ballots
27 c/o Kenneth H. Prochnow
28 Chiles and Prochnow, LLP
2600 El Camino Real, Ste. 412

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Palo Alto, CA 94306

2 IF YOUR BALLOT IS NOT RETURNED BY _____, 2014 (the “VOTING
3 DEADLINE”), IT MAY NOT BE CONSIDERED. BALLOTS WHICH ARE RETURNED
4 BUT NOT PROPERLY EXECUTED WILL NOT BE CONSIDERED. BALLOTS WHICH
5 ARE EXECUTED BUT WHICH FAIL TO INDICATE EITHER ACCEPTANCE OR
6 REJECTION OF THE PLAN WILL BE CONSIDERED AS ACCEPTING THE PLAN.

7 **ARTICLE XXIII:**

8 **CONFIRMATION PROCEDURES; OBJECTIONS TO CONFIRMATION**

9 Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

10 **A. Confirmation Hearing.**

11 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to
12 hold a hearing on confirmation (approval) of the Plan (the “Confirmation Hearing”). The
13 Confirmation Hearing may be postponed from time to time by the Bankruptcy Court without
14 further notice except for an announcement made at the Confirmation Hearing or any
15 postponement thereof. Section 1128(b) provides that any party in interest may object to
16 confirmation of the Plan. Any objection to Confirmation must be made in writing and filed
17 with the Bankruptcy Court and served on the following parties, together with a certificate of
18 service, no later than _____:

19 For Mr. Moore:
20 Kenneth H. Prochnow
21 Chiles and Prochnow, LLP
22 2600 El Camino Real Ste 412
23 Palo Alto, CA 94306
24 email: kprochnow@chilesprolaw.com

25 For the Debtor:
26 Heinz Binder / Robert G. Harris
27 Binder & Malter, LLP
28 2775 Park Avenue
Santa Clara, CA 95050
emails: Heinz@bindermalter.com
RobertHarris@bindermalter.com

For the Committee:
John Walshe Murray
Dorsey & Whitney LLP
305 Lytton Avenue

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Palo Alto, CA 95014
email: murray.john@dorsey.com

2 For the United States Trustee:
3 Office of the United States Trustee
4 United States Department of Justice
5 Attn.: John Wesolowski
6 280 S. First Street, #268
7 San Jose, CA 95113
8 email: john.wesolowski@usdoj.gov

9 Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

10 **B. Requirements for Confirmation of the Plan.**

11 At the Confirmation Hearing, the Bankruptcy Court must confirm the Plan if it
12 determines that all of the requirements of Section 1129 of the Bankruptcy Code have been
13 satisfied. Applicable requirements are as follows:

- 14 1. The Plan complies with the applicable provisions of the Bankruptcy
15 Code;
- 16 2. The Debtor has complied with the applicable provisions of the
17 Bankruptcy Code.
- 18 3. The Plan has been proposed in good faith and not by any means
19 forbidden by Law.
- 20 4. Any payment made or to be made by the Debtor, or by a person issuing
21 securities or acquiring property under the Plan, for services or for costs and expenses in or in
22 connection with the Bankruptcy Case, or in connection with the Plan and incident to the
23 Bankruptcy Case, has been approved by, or is subject to the approval of, the Court as
24 reasonable;
- 25 5. The Debtor has disclosed the identity and affiliations of any individual
26 proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the
27 Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to
28 the Debtor under the Plan; and the appointment to, or continuance in, such office of such
individual, is consistent with the interests of holders of Claims and Interests and with public
policy; and the Debtor has disclosed the identity of any insider that will be employed or

{2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 retained by the Reorganized Company, and the nature of any compensation for such insider;

2 6. With respect to each Class of Impaired Claims or Interests, each holder
3 of a Claim or Interest of such Class either (a) has accepted the Plan, or (b) will receive or retain
4 under the Plan on account of such Claim or Interest property of a value, as of the Effective Date
5 of the Plan, that is not less than the amount that such holder would so receive or retain if the
6 Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code;

7 7. Subject to the “cramdown” provisions of the Bankruptcy Code discussed
8 in each Class of Claims or Interests has accepted the Plan;

9 8. Except to the extent that the holder of a particular Claim has agreed to a
10 different treatment of such Claim, the Plan provides that incurred, Allowed Administrative
11 Claims will be paid in full on the Effective Date of the Plan and that Allowed Priority Tax
12 Claims will be paid in full over a period not longer than five (5) years from the Petition Date;

13 9. If a Class of Claims is Impaired under the Plan, at least one Class of
14 Impaired Claims has accepted the Plan, determined without including any acceptance of the
15 Plan by any insider holding a Claim of such Class;

16 10. Confirmation of the Plan is not likely to be followed by the liquidation,
17 or the need for further financial reorganization, of the Debtor or any successor to the Debtor
18 under the Plan, unless such liquidation or reorganization is proposed in the Plan;

19 11. All fees payable under Section 1930 of title 28, as determined by the
20 Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the
21 payment of all such fees on the Effective Date of the Plan; and

22 12. All transfers of property of the Plan are to be made in accordance with
23 any applicable provisions of nonbankruptcy law that govern the transfer of property by a
24 corporation or trust that is not a moneyed, business, or commercial corporation or trust.

25 **C. Compliance with Confirmation Requirements.**

26 Mr. Moore believes that all of the foregoing requirements have been or will be met prior
27 to the Confirmation Hearing. Specifically, Mr. Moore believes: (1) the Plan is in the best

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 interests of Creditors, in that holders of all Allowed Claims will receive payments under the
2 Plan having a present value as of the Effective Date of the Plan in amounts not less than the
3 amounts likely to be received if the Debtor was liquidated in a case under Chapter 7 of the
4 Bankruptcy Code; and (2) the Plan will be accepted by sufficient votes in each Impaired Class
5 or may be confirmed under the cramdown standards of Section 1129(b) of the Bankruptcy Code
6 even if sufficient votes are not received.

7 **D. Cramdown.**

8 In the event that any Impaired Class of Claims does not accept the Plan, the Bankruptcy
9 Court may still confirm the Plan at the request of the proponent if, as to each Impaired Class
10 which has not accepted the Plan, the Plan “does not discriminate unfairly” and is “fair and
11 equitable.” Generally, a plan of reorganization “does not discriminate unfairly” against a class
12 if the plan allocates value to that class in a manner consistent with the treatment afforded to
13 other classes with similar legal claims against the debtor. “Fair and equitable” has different
14 meanings for the holders of secured and unsecured claims, and for holders of interests.

15 With respect to a secured claim, “fair and equitable” means either: (a) the impaired
16 secured creditor retains its liens to the extent of its allowed claim and receives deferred cash
17 payments at least equal to the allowed amount of its claim with a present value as of the
18 effective date of the plan at least equal to the value of such creditor’s interest in the property
19 securing its liens; (b) property subject to the lien of the impaired secured creditor is sold free
20 and clear of that lien, with that lien attaching to the proceeds of the sale, and such lien proceeds
21 are treated in accordance with clauses (a) or (c) hereof; or (c) the impaired secured creditor
22 realizes the “indubitable equivalent” of its claim under the plan.

23 With respect to an unsecured claim, “fair and equitable” means either: (a) each impaired
24 unsecured creditor receives or retains property of a value equal to the amount of its allowed
25 claim; or (b) the holders of claims and interests that are junior to the claims of the dissenting
26 class will not receive any property under the plan. For example, while Class 6A under the Plan
27 is Impaired, holders of Allowed Unsecured Claims in Class 6 will receive payment in the full

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 amount of their Allowed Claims plus interest, under the Plan. Therefore, the Plan is fair and
2 equitable with respect to Allowed Unsecured Claims in Class 6A.

3 With respect to a class of interests, “fair and equitable” means either: (a) the plan
4 provides that each holder of an interest of such class receive or retain on account of such
5 interest property of a value, as of the effective date of the plan, equal to the greatest of the
6 allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed
7 redemption price to which such holder is entitled, or the value of such interest; or (b) the holder
8 of any interest that is junior to the interests of such class will not receive or retain any property
9 under the plan on account of such junior interest.

10 In the event that one or more Classes of Impaired Claims rejects the Plan, the
11 Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and
12 equitable and does not discriminate unfairly against any rejecting Impaired Class of Claims.

13 **ARTICLE XXIV:**

14 **BEST INTERESTS TEST**

15 The 10/29/2014 MMP Plan presents a feasible means for reorganization of Debtor
16 TPL’s business, based on sound business assumptions. The 10/29/2014 MMP Plan features
17 substantial reliance on a new direction for Debtor TPL’s core business, licensing of the MMP
18 Portfolio of patents. The means for a renewed and revitalized licensing program for the MMP
19 Portfolio is provided by Creditor Moore through Moore Innovations Group, an entity that will
20 link to Mr. Moore’s practicing his MMP Portfolio patents and thereby remove any basis for
21 claim that the MMP Portfolio is in service of a patent aggregator or patent troll.

22 Attached as Exhibit 2 to this disclosure statement is the Moore Innovations Group
23 Business Plan, which sets out in detail the means by which MMP Portfolio licensing will be
24 carried forward and carried out under the 10/29/2014 MMP Plan when confirmed. The
25 10/29/2014 MMP Plan relies heavily on MIG, its licensing abilities and the basis it will provide
26 for litigation if infringers decline to purchase MMP licenses.

27 MIG will employ experienced personnel with backgrounds in patent claims and
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 licensing. Creditor Moore, the MMP co-inventor, will be the face of and a force in his company.
2 MIG represents the last best hope for Debtor TPL to achieve viability and profitability, and to
3 provide the means to pay TPL's creditors.

4 The Bankruptcy Court must independently determine that the Plan is in the best interest
5 of all Classes of Creditors and Interests. The "best interest" test requires that a plan provide to
6 each dissenting member of each Impaired Class a recovery that has a present value at least
7 equal to the present value of the distribution which each such Creditor or Interest holder would
8 receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

9 **A. Liquidation Under Chapter 7.**

10 In performing this analysis, the Bankruptcy Court must determine the amount that
11 would be generated from a Chapter 7 liquidation of the Debtor's assets after deducting the costs
12 of liquidation. As a general matter, because a Chapter 7 Trustee does not operate a business, a
13 reorganization pursuant to the Plan will enable the Reorganized Company, under new,
14 independent management, to continue to operate the business as a going concern, proficiently
15 administer the Plan and maximize value for the Debtor's creditors in the most cost-effective
16 and sensible manner.

17 On the other hand, a Chapter 7 Trustee's costs in liquidating the Bankruptcy Estate
18 would include the Trustee's commissions, the Trustee's expenses, fees for counsel and other
19 professionals retained by the Trustee, and additional Administrative Claims. Assets would be
20 liquidated at reduced liquidation values as opposed to their going concern value. In addition to
21 liquidating the Debtor's assets, the Trustee would also need to decide whether to litigate certain
22 claims and investigate other possible litigation matters. Generally, no distribution is made in a
23 Chapter 7 case until all assets of the bankruptcy estate and all claims have been liquidated, a
24 process that often can take many months and sometimes years. This delay could further impair
25 the value of any distribution made to holders of Claims in a Chapter 7 liquidation. As detailed
26 herein, Mr. Moore believes that creditors will fare much better if the Debtor, under new
27 management, is permitted to continue its restructured operations, monetize existing assets in a

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 manner designed to maximize its value, and sell licenses for intellectual property, all as
2 contemplated by the Plan.

3 **B. Liquidation Analysis.**

4 When a Chapter 11 case is converted to a case under Chapter 7 of the Bankruptcy Code,
5 a Chapter 7 trustee is appointed to conduct the affairs of the estate. In applying the liquidation
6 test of Bankruptcy Code Section 1129(a)(7)(A)(ii), the Bankruptcy Court must consider not
7 only the accrued expenses of administration from the Chapter 11, but the Chapter 7 trustee's
8 fees and expenses, and the fees and expenses of professionals likely to be retained by that
9 trustee. Generally, no distribution is made in a Chapter 7 case until all assets of the Bankruptcy
10 Estate and all claims have been liquidated, a process that can often take many months and
11 sometimes years. Most importantly, a Chapter 7 trustee does not operate the business over
12 which he or she takes control except in very rare circumstances.

13 TPL's most valuable assets are its commercialization rights in the various patent
14 portfolios pursuant to which it generates revenue, as well as its 50% ownership in the PDS
15 Joint Venture. TPL contends that a Chapter 7 trustee would not be able to generate revenue
16 from the commercialization agreements for the following reasons: first, the commercialization
17 agreements are exclusive patent licenses, and thus cannot be assumed in bankruptcy without the
18 licensor's permission. TPL does not believe a trustee would be able to obtain the requisite
19 permission and that such permission cannot be compelled, even if such parties are related
20 parties. Second, even if one or more licensors were to grant such permission, it is unlikely that
21 a Chapter 7 trustee could assume the agreements in any case, for a trustee would not be able to
22 represent that he or she could perform under the agreements by commercializing the portfolios.
23 Next, revenue generation from the patent portfolios also depends upon the continued
24 prosecution of the patent litigation. There is not a high likelihood that the patent-litigation
25 counsel would agree to continue to work for a Chapter 7 trustee. Third, the market would be
26 well-informed of any Chapter 7. Potential licensees would have little reason to buy licenses
27 from a Chapter 7 trustee. The much greater likelihood is that infringers would multiply and
28 infringe for years before credible enforcement could ever be brought to bear, if ever, to force
settlements.

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 Without the revenue from the licensing programs for CORE Flash, Fast Logic or 3D
2 Art, a Chapter 7 trustee's distribution in this case would be limited to the proceeds from the
3 PDS distribution for TPL's ownership in MMP, selling TPL's minimal personal property and,
4 possibly, from some smaller avoidance actions. That analysis follows.

5 1. Liquidation Analysis Applied

6 a. Assets.

7 All of the cash in the estate is subject to the liens of CCC, Mr. Venkidu and Mr.
8 Leckrone. Mr. Leckrone's security interest also extends to the personal property of the estate
9 that is not comprised of proceeds from the Patent Portfolios. Mr. Leckrone's liens would be
10 disputed, and it is likely that he would not prevail in his attempt to gain from the bankruptcy.
11 The personal property, reflected on the schedules, consists of a credit from the Mandarin
12 Oriental Hotel for approximately \$26,000, and various office and lab equipment and inventory,
13 scheduled at \$44,500.

14 TPL owns a 50% interest in PDS, which, upon the rejection of the amendment to the
15 PDS agreement from August, 2012, would regain the exclusive right to license the MMP
16 Portfolio. This interest is also subject to the security interest held by Mr. Leckrone. While a
17 Chapter 7 trustee might be able to assign an income interest in PDS, it is unlikely that under
18 Delaware law, anything more is assignable. It is unknown how much would be paid for a
19 partial interest in PDS. The PDS distributions to TPL, or the trustee in the case of a Chapter 7,
20 have value, although the value of the MMP Portfolio may be diminished by the Chapter 7 itself.
21 Because it is difficult to determine what impact, if any, a Chapter 7 liquidation would have on
22 the revenue prospects for MMP, this analysis will assume a marginal impact to what TPL
23 considers MMP's revenue prospects. In addition, a Chapter 7 liquidation and sale of TPL's
24 rights to the MMP portfolio would require Mr. Moore to accept the deal. This is not a foregone
25 conclusion, unless it benefits Mr. Moore. Finally, PDS itself could be dissolved, as per the
26 agreement between PATRIOT, TPL and Mr. Moore. In this case, rights to the portfolio would
27 be split between the parties, and there is no guarantee that TPL would be able to retain any

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 rights whatsoever to the portfolio, should Mr. Moore decide to litigate in order to retrieve his
2 rights to the portfolio from TPL. Even if this weren't the case, should PATRIOT and TPL vie
3 for licenses as competitors, this would lead to a downward spiral in licensing revenue
4 associated with the MMP portfolio. Finally, a change in ownership of TPL could affect
5 standing in multiple cases currently pending, further damaging the value of the IP assets of
6 TPL.

7 PDS licenses the MMP Portfolio and receives revenue from that effort, and may receive
8 additional jury awards like the one recently from HTC – although jury awards are far more
9 speculative and costly to obtain. Currently, revenues from MMP are paid to the contingency
10 firm handling litigation, Agility. The payment to Agility varies significantly depending on
11 whether the licensee is a defendant or not. PDS is also obligated to pay all vendors from MMP
12 revenue, for sales, marketing, litigation support and prosecution and maintenance, and all
13 vendors used in relation to litigation preparation including expert witnesses, document
14 production vendors, etc. PDS also pays MMP inventor Charles Moore a monthly consulting fee
15 and advances payments to Patriot and Mr. Moore for their percentage share of returns pursuant
16 to the January 2013 Settlement Agreement. Finally, the remainder is split amongst TPL, Patriot
17 and Moore. While TPL's share of MMP revenue is approximately 26% that number drops
18 below 10% historically after taking into account all PDS payables. In order for a trustee to pay
19 TPL creditors in full from MMP alone and assuming that the estimated share to TPL is accurate
20 over time, the MMP portfolio would have to generate approximately 2.7 times the revenue TPL
21 currently believes the MMP Portfolio will produce within the next six years. While TPL's
22 estimates may be conservative for MMP revenue in its forecast, TPL does not believe almost
23 three times that amount is realistic.

24 TPL also owns the "Sub-Wavelength Acoustic Technology" Portfolio. This Portfolio
25 does not have any near-term liquidation value. The only other personal property owned by TPL
26 that is not a lawsuit or right to a lawsuit are various claims against PDS and Patriot. These
27 companies, however, depend entirely on the success of the MMP Licensing Program for their

28 {2655/06/00041508.DOCX}

DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 income. Without TPL and the Licensing Program these companies may not have sufficient
2 value to support any significant claim against them.

3 TPL also holds causes of action against the Shareholders, Officers and Directors of
4 GreenArrays, Inc. for fraud, conversion and misappropriation of trade secrets being asserted in
5 the TPL/Brown “Roe” litigation. Given the complexity of the action, however, it is unlikely a
6 Chapter 7 trustee would pursue it or that the Defendants would settle quickly.

7 b. Avoidance Actions.

8 A Chapter 7 trustee (or if the Plan is confirmed, the Creditor Trust Trustee) would
9 examine the offset under the Amended Services Agreement pursuant to which TPL offset
10 approximately \$16.3 million of debt owed to Alliacense for unpaid services rendered with a
11 \$15 million obligation owed to TPL by Alliacense described herein. It is possible that the
12 mutual offset of obligations between TPL and Alliacense may be challenged as avoidable under
13 Bankruptcy Code section 553 as an offset with an Insider that was completed within one year
14 of the filing of the case. in any event retain the power to investigate and, if appropriate,
15 prosecute any action to avoid or recover the offset.

16 In addition, a Chapter 7 trustee would evaluate the claims TPL has against PDS and
17 Patriot, including an offset asserted by Patriot related to a contingency amount claimed to be
18 owing to TPL by PDS from a license agreement entered into when TPL still managed the MMP
19 Licensing Program. PDS has refused to pay TPL \$225,000 for a contingency payment on a
20 License that was executed while TPL still managed the Licensing Program and claimed that the
21 amount owing is offset against some other amount Patriot claims TPL owes to PDS. Patriot has
22 apparently not disputed that the \$225,000 is owed under the agreement. Mr. Leckrone believed
23 the offset asserted by Patriot is subject to attack because it was done within 90 days of TPL’s
24 Chapter 11 filing and no value was given in exchange.

25 A Chapter 7 trustee may evaluate salaries to insiders as well as the incentive
26 compensation arrangements; however, Mr. Leckrone and his management group have recently
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1 resigned from TPL, and prior TPL management asserted that since 2008 no payments were
2 made with respect to Incentive Compensation agreements.

3 Other historical transactions discussed herein may also be evaluated by a Chapter 7
4 trustee.

5 c. Costs.

6 The costs of liquidation would include the expenses for administration of the estate such
7 as the disposition of the physical equipment of TPL, payment of professional fees for the
8 Chapter 7 trustee, and payment of the administrative fees from the Chapter 11 case, including
9 the fees for the professionals retained by the Committee. As of April 2014, the total
10 professional fees in the Chapter 11 case, not including the fees of the patent-litigation attorneys,
11 were estimated to exceed \$2.8 million, none of which had been paid. TPL may also face claims
12 for litigation support and licensing services from Alliacense during the bankruptcy case;
13 Alliacense's possible claim for unpaid administrative claims is stated by Mr. Leckrone to be
14 approximately \$400,000; that claim is subject to reduction or elimination through negotiation
15 or set-off of TPL claims against Alliacense.

16 d. Claims.

17 The deadline for filing proofs of claim in the case was July 23, 2013. TPL's schedules
18 reflect the following totals:

19 Secured: \$10,728,180

20 Priority: \$136,197

21 Unsecured: \$15,305,915 plus \$13,696,874 of insider and non-Insider investor claims.

22 The 10/29/2014 MMP Plan, projected to pay unsecured Allowed Claims 100% of the
23 amount owed plus interest, provides for at least as much to each holder of an Allowed Claim as
24 does the expected 0% recovery, administratively insolvent Chapter 7 liquidation alternative.

10/29/2014 MMP Plan –	Amounts	Ch 7 Liquidation	Amounts
Ch 11			
Projected Available Cash		Projected Available Cash	

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

1	10/29/2014 MMP Plan –	Amounts	Ch 7 Liquidation	Amounts
2	Ch 11			
3	as of Effective Date	\$100,000	as of Effective Date	\$100,000
4	Projected Distributions		Other Asset Net Value (6	
5	under Plan (5 Yrs)	\$42,436,000	Yrs)	\$22,000,000 ¹⁰
6	Total Ch 11 Distribution	\$42,536,000	Total Ch 7 Distribution	\$22,100,000
7	Secured Claims	<\$10,600,000>	Secured Claims	<10,600,000>
8	Projected Ch 11		Projected Ch 11	
9	Administrative Claims	<\$2,800,000>	Administrative Claims	<\$2,800,000>
10	Ch 11 Creditor Trust			
11	Trustee	<\$80,000>	Ch 7 Trustee Fee	<\$80,000>
12	Assets Available for			
13	Distribution under Ch 11	\$41,310,000	Assets Available under Ch	\$3,016,000
14	Plan		7 Plan	
15	Unsecured Debt	\$15,305,915	Unsecured Debt	\$15,305,915
16	Investor Debt	\$13,696,874	Investor Debt	\$13,696,874
17	Percentage Recovery	100% of General	Percentage Recovery under	10.4% of General
18	under Ch 11 Plan	Unsecured and	Ch 7 Plan	Unsecured Debt and zero
19		Investor Debt		Investor Debt if accepted.

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¹⁰ Disclosure Statement RE: TPL Plan of Reorganization, pg 83.
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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)

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Dated: October 29, 2014

 /s/Charles H. Moore
Charles H. Moore, Creditor

Dated: October 29, 2014

CHILES AND PROCHNOW, LLP

By: /s/Kenneth H. Prochnow
Kenneth H. Prochnow
Attorneys for Creditor Charles H. Moore

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DISCLOSURE STATEMENT RE MOORE MONETIZATION PLAN (DATED OCTOBER 29, 2014)