

Heinz Binder (SBN 87908)
Robert G. Harris (SBN 124678)
Wendy W. Smith (SBN 133887))
BINDER & MALTER, LLP
2775 Park Avenue
Santa Clara, CA 95050
Tel: (408) 295-1700
Fax: (408) 295-1531
Email: Heinz@bindermalter.com
Email: Rob@bindermalter.com
Email: Wendy@bindermalter.com

Attorneys for Debtor and Debtor-in-Possession
TECHNOLOGY PROPERTIES LIMITED LLC

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re:

TECHNOLOGY PROPERTIES LIMITED,
LLC, a California limited liability company,

Debtor.

Case No.: 13- 51589SLJ

Chapter 11

Date: April __, 2014

Time:

Place: Courtroom 3099
280 South First Street
San Jose, California

THIRD MOTION TO APPROVE USE OF CASH COLLATERAL (FRBP 4001(b))

TO SECURED CLAIMANTS CUPERTINO CITY CENTER BUILDINGS, A CALIFORNIA LIMITED PARTNERSHIP; SWAMY VENKIDU AS SHAREHOLDER AGENT FOR A GROUP OF SHAREHOLDERS; DANIEL E. LECKRONE; THE OFFICIAL UNSECURED CREDITORS' COMMITTEE; ALL PARTIES REQUESTING SPECIAL NOTICE, THE UNITED STATES TRUSTEE, AND THEIR RESPECTIVE COUNSEL:

Debtor and debtor in possession Technology Properties Limited, LLC (“TPL”) hereby moves for an order approving its request to use cash collateral pursuant to 11 U.S.C. Section 363(c) to pay ongoing operating expenses after approval through preliminary and final hearings. TPL proposes to expend a maximum of \$128,000 for operations expenses, an adequate protection payment, and U.S. Trustee’s fees incurred for the months of March and April, 2014. If the funds become available, TPL will request authority to pay delayed adequate protection payments and carve-out payments to professionals. These payments are set out in the operating budget attached as Exhibit “A” to the supporting declaration of TPL’s manager, Daniel E. Leckrone (the “TPL Budget”).

The following statement is made for purposes of compliance with Guideline B of this District’s Guidelines for Cash Collateral & Financing Motions & Stipulations:

INTRODUCTORY STATEMENT

A. Name of Each Entity With an Interest in the Cash Collateral

Cupertino City Center Buildings, a California Limited Partnership (“CCC”); Swamy Venkidu as Shareholder Agent for a group of shareholders (“Mr. Venkidu”); and, Daniel E. Leckrone each claim interests in Cash Collateral in this case.

B. Purposes for the Use of the Cash Collateral

Cash collateral is to be used in the ordinary course for operations of the business and to pay adequate protection to CCC and Mr. Venkidu;

C. Terms, Including Duration, of the Use of Cash Collateral

Cash collateral is to be used to pay operating expenses in the ordinary course as set forth in the Budget. The interim amount requested pending a final hearing on the Motion, is \$128,000.

1. TPL would be authorized to expend or reserve cash collateral subject to the following paragraphs.
2. TPL would not be authorized to pay any employee for commissions or incentive compensation.

3. TPL has paid CCC adequate protection of \$50,000 per month from its cash collateral through March 2014. CCC has extended the due dates for the payments for April and May of 2014 to June 1, 2014.
4. TPL would be prohibited from paying Daniel E. Leckrone any adequate protection payment pending further order of this Court.
5. All three secured creditors, CCC, Venkidu, and Mr. Leckrone, would receive a replacement lien on collateral with a back-up super-priority claim to the extent that adequate protection proves inadequate measured by a decline from liquidation value of their collateral as of the filing date. The replacement liens shall attach only to the collateral of the kind and character to which the respective lienholders' lien would have attached pre-petition, and there shall be no cross-collateralization with other collateral except as specified below as to Venkidu. Any replacement liens approved must be subordinate to the compensation and expense reimbursement allowed to any future-appointed trustee in the case.
6. Venkidu would receive a replacement lien as to the CF portfolio and a back-up super-priority claim as set forth in paragraph 5 above. To the extent TPL uses proceeds from the CF portfolio to fund operations, Venkidu would be granted a replacement lien on future proceeds generated. To the extent those proceeds are inadequate to fully pay Venkidu's allowed secured claim, Venkidu would be granted an administrative claim with priority over all other administrative claims (including professionals' fees). The replacement lien and super-priority claim would be valid only to the extent, validity and priority of the pre-petition lien. If however Venkidu's pre-petition lien in the CF portfolio is avoided or is determined to be invalid, then the replacement lien in the post-petition proceeds of the CF portfolio would be deemed avoided and vacated, and no superpriority claim would be allowed. If the value of the CF portfolio is less than the amount of the claim, the replacement lien would be valid only to the extent of that value of the collateral.
7. To the extent TPL uses proceeds from the CF portfolio to fund operations Venkidu receives a junior replacement lien in the MMP and FastLogic portfolio proceeds as further adequate protection only to the same extent, validity and priority of Venkidu's lien in the CF portfolio. Thus, to the extent Venkidu is not paid from the CF portfolio, he would have a junior lien on these other portfolios. However, if Venkidu's pre-petition lien in the CF portfolio is avoided or is determined to be invalid, then there is no replacement lien in the MMP and FastLogic portfolios and shall be deemed avoided and vacated, and no superpriority claim shall be allowed. And, if the value of the CF collateral is less than the amount of Venkidu's allowed, secured claim, the replacement lien in the MMP and FastLogic portfolios is valid only to the extent of the value of the collateral.
8. The Committee shall be deemed to have reserved the right, on behalf of the estate, to recover all adequate protection payments in the event the Court finds that there is no enforceable security interest in TPL's assets.
9. The Committee reserves all rights including, but not limited to, the right to investigate and challenge (a) the validity, extent, priority and/or enforceability of all alleged liens (including motions to equitably subordinate and adversary proceedings to avoid liens, (b)

employee compensation, (c) payments to Alliacense, (d) the adequacy of proposed budgets, and (e) the adequacy of proposed carve outs / retainers for Committee professionals.

10. To the extent that recoveries in litigation and licensing results in larger payments being owed to contingency counsel according to the terms of their court-approved terms of employment than TPL has projected, the approved contingency shall control, subject to final approval by this Court under 11 U.S.C. section 328(a).
11. The terms of the order approving cash use would be binding on any subsequently appointed trustee.
12. As a condition of consent by Venkidu to the cash use, Daniel E. Leckrone would agree to continue to subordinate his lien to that of Venkidu in the CF portfolio.

D. Liens, Cash Payments, Or Other Adequate Protection

All three secured creditors, CCC, Mr. Venkidu, and Mr. Leckrone, would receive a replacement lien on collateral with a back-up super-priority claim to the extent that adequate protection proves inadequate measured by a decline from liquidation value of their collateral as of the filing date. The replacement liens shall attach only to the collateral of the kind and character to which the respective lienholders' lien would have attached pre-petition, and there shall be no cross-collateralization with other collateral except as specified below as to Mr. Venkidu. Any replacement liens approved must be subordinate to the compensation and expense reimbursement allowed to any future-appointed trustee in the case.

Mr. Venkidu would receive a replacement lien as to the CF portfolio and a back-up super-priority claim as set forth in paragraph 5 above. To the extent TPL uses proceeds from the CF portfolio to fund operations, Mr. Venkidu would be granted a replacement lien on future proceeds generated. To the extent those proceeds are inadequate to fully pay Mr. Venkidu's allowed secured claim, Mr. Venkidu would be granted an administrative claim with priority over all other administrative claims (including professionals' fees). The replacement lien and super-priority claim would be valid only to the extent, validity and priority of the pre-petition lien. If however Mr. Venkidu's pre-petition lien in the CF portfolio is avoided or is determined to be invalid, then the replacement lien in the post-petition proceeds of the CF portfolio would be deemed avoided and vacated, and no superpriority claim would be allowed. If the value of the CF portfolio is less than the amount of the claim, the replacement lien would be valid only to the extent of that value of the collateral

CERTIFICATION

The undersigned Certifying Professional has read the accompanying Third Motion to Approve Use of Cash Collateral; to the best of my knowledge, information and belief, formed after reasonable inquiry, the terms of the relief sought in the motion or stipulation are in conformity with the Court's Guidelines For Cash Collateral And Financing Motions and

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2 Stipulations except as set forth above. I understand and have advised the debtor in possession or
3 trustee that the court may grant appropriate relief under Fed. R. Bankr. P. 9024 if the court
4 determines that a material element of the motion or stipulation was not adequately disclosed in
5 the Introductory Statement.
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7 BINDER & MALTER, LLP

8
9 By: /s/ Wendy W. Smith
Wendy W. Smith

10 **GENERAL BACKGROUND**

11 TPL was founded in 1988, initially as a corporation, in order to develop, license, and
12 manage proprietary technology for the benefit of the technologies owners, a process referred to
13 generally as "commercialization". The initial technology that TPL commercialized is called the
14 Moore Microprocessor Portfolio (the "MMP Portfolio") and is named after inventor Charles H.
15 Moore. This technology is widely recognized as a fundamental building block of all
16 microprocessor-based products.
17

18 Through the early 2000's, TPL worked with Mr. Moore in an effort to develop and
19 commercialize a revolutionary microprocessor device known as an "Array". As part of that
20 relationship, TPL was assigned part ownership of the MMP Portfolio with exclusive rights to
21 commercialize the MMP portfolio. In early 2004, Patriot Scientific Corporation, a public
22 company ("PTSC"), filed suit against TPL and Moore alleging ownership of the MMP patents
23 and asserting claims for declaratory judgment for determination and correction of inventorship of
24 the MMP patents. That litigation was settled by the parties in 2005 and resulted in the creation of
25 a joint venture by the name of Phoenix Digital Solutions LLC ("PDS"). PDS engaged TPL on an
26 exclusive basis to manage the commercialization of the MMP Portfolio.
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1
2 Since 2004, the MMP Portfolio has been licensed to essentially all segments of the digital
3 electronics industry, from aerospace and defense to computer gaming, generating over \$300
4 million for the MMP Portfolio's owners. Over 95 global electronics companies, from industries
5 as diverse as robotics, medical equipment, computers, mobile phones, automobiles, heavy
6 machinery, photography and aerospace, have purchased licenses to the MMP Portfolio. Such
7 companies include Intel, Fujitsu, Sharp, Phillips, DirecTV, Rockwell Automation, Apple,
8 Motorola, RIM, Nokia, Toshiba, Rolls-Royce, General Electric, and Ford Motor Company. In
9 virtually every case, MMP Portfolio licensee has required that all of its microprocessor-based
10 products be licensed.
11

12 TPL also commercializes several other portfolios, including the Fast Logic portfolio,
13 which relates to high-speed logic circuits, and the CORE Flash portfolio, relating to flash-media
14 cards. TPL is also engaged in developing products based upon other patent portfolios, though
15 this is a smaller part of its business. TPL also sells a small volume of computer chips which are
16 manufactured at a third-party fabrication facility based upon designs from patents TPL has a
17 right to use.
18

19 TPL's primary business is to maximize the value of patent portfolios. That business has
20 essentially 3 components. Typically, TPL is granted an exclusive license to commercialize a
21 portfolio of patents in exchange for payment of a percentage of the revenue to the owner of the
22 patent.

23 TPL then identifies companies whose products infringe the patents and works to license
24 the technology to them. This requires extensive expertise to analyze whether the particular
25 technology is infringing on the patents and to compile and market the information necessary to
26 explain why each company making and selling infringing products need to purchase a license.
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1
2 TPL is in contract with Alliacense Limited LLC (“Alliacense”), a related entity, as its vendor or
3 to provide TPL with the needed technical expertise in marketing services. TPL and Alliacense
4 have common ownership.

5 The third component is to prosecute litigation against infringing companies that refuse to
6 license patented technology. This aspect of the business became necessary beginning in
7 approximately 2011 because of changes in management styles in the industry and new
8 legislation. TPL is currently litigating extensive claims involving the MMP Portfolio, the Core
9 Flash Portfolio, and the Fast Logic Portfolio against over 30 major corporations. Complaints
10 have been filed in the US International Trade Commission (“ITC”), the United States District
11 Court for the Eastern District of Texas, the District of Delaware, and the Northern District of
12 California. In many of these actions, the patent owners have themselves joined TPL in making
13 claims of infringement against these defendants and seek damages jointly with TPL.
14

15 SECURED CLAIMS

16 TPL has three secured creditors: CCC, Swamy Venkidu (as Shareholder Representative),
17 and Daniel E. Leckrone.
18

19 CCC and TPL entered into agreement in March of 2012 (the Settlement Agreement) to
20 settle a lawsuit arising from TPL’s lease of the property located at 20400 Stevens Creek
21 Boulevard in Cupertino California. (*Cupertino City Center Buildings v. Technology Properties*
22 *Limited LLC*, Superior Court of California, County of Santa Clara Case No. 110-CV-186192).
23

24 Under the Settlement Agreement, TPL promises to pay CCC a total of \$1.3 million in
25 installments at \$50,000 per month over time. This promise is secured by a continuing security
26 interest in TPL’s share of the proceeds of the following:

27 A. All CORE Flash and FastLogic litigation;
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- 1
- 2 B. TPL's interest in the gross proceeds of a license agreement dated 4/12/06 with
- 3 FMM Portfolio LLC re the CORE Flash Portfolio (aka Memory Control Mgt
- 4 Technology);
- 5 C. TPL's interest in the gross proceeds of a license agreement dated 6/19/07 with
- 6 HSM Portfolio LLC re: the Fast Logic Portfolio (aka High Speed Memory
- 7 Technology);
- 8 D. Fifty percent of TPL's interest in the gross proceeds of a commercialization
- 9 agreement dated 6/7/05 between TPL, P-Newco and Patriot re the MMP
- 10 Portfolio;
- 11 E. TPL's interest in the gross proceeds of that certain agreement dated 6/22/11
- 12 with Agility IP Law LLP re certain CORE Flash Portfolio Patents; and
- 13 F. TPL's interest in the gross proceeds of a license agreement dated 12/14/07
- 14 with ChipScale, Inc. re the Wafer-Level Chip Scale Technology.

15 CCC claims to have perfected its security interest by filing a UCC-1 with the California

16 Secretary of State on February 27, 2012.

17 Mr. Leckrone has loaned in excess of \$3.8 million to TPL over the last 3 years. The

18 initial loan of \$1 million was made in 2010. At that time the parties executed a security

19 agreement that covered the current loan and any further loans of Mr. Leckrone to TPL. The

20 security agreement granted a security interest in all of TPL's property, including all intellectual

21 property and inchoate rights.

22 Mr. Leckrone claims to have perfected his security interest with the filing of a UCC-1

23 with the California Secretary of state on April 14, 2010. Mr. Leckrone subsequently

24 subordinated his security interest to that of CCC.

25 Mr. Venkidu, TPL and other parties entered into a security agreement in April of 2006

26 (the "Agreement"), which related to a multi-party transaction including TPL and resulted in TPL

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obtaining certain rights with respect to a group of patents known variously as the "CORE Flash Portfolio" or the MCM Patent Portfolio .

Under the Agreement, Mr. Venkidu was granted a security interest in the CORE Flash Portfolio. Mr. Venkidu recorded UCC-1 financing statements with the California Secretary of State of California and claims thereby to have perfected his security interests in the CORE Flash Portfolio and proceeds therefrom. Financing Statements were recorded in 2006 and, following expiration, again on April 12, 2012.

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

DIFFERENCES IN SCOPE OF COLLATERAL SECURING CLAIMS

Mr. Leckrone has a lien against all TPL's assets. CCC has a lien against the proceeds that TPL receives from collateral identified above, which is substantially less than all TPL's assets. Mr. Venkidu has a lien against the CORE Flash Portfolio.

LIEN PRIORITY

TPL believes that CCC holds the first priority secured lien position on the collateral securing its lien, owing to Mr. Leckrone's subordination and Mr. Venkidu's break in perfection in 2012. TPL believes that Mr. Leckrone is the second priority lienholder on all assets against which CCC holds a lien and first priority against all other TPL assets. TPL believes that Mr. Venkidu is the third priority lienholder on assets against which he holds a lien.

COLLATERAL VALUE AND DEBT STRUCTURE

TPL has listed in its Schedules a value for its assets of \$4,429,183.31; this total however excludes claims, rights, and general intangibles whose value 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 contends that its are worth well in excess of \$100 million.

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2 TPL lists in Schedules D, E, and F, respectively, secured claims totaling \$9,700,896,
3 unsecured priority claims totaling \$8,972,356.03, and general unsecured claims totaling
4 \$49,936,736.33.

5 **PROJECTED INCOME AND CASH COLLATERAL**

6 TPL has approximately \$118,000 in cash at this time from licensing its portfolios.

7 **EXTENT OF CASH USE REQUESTED/MINIMUM NECESSARY**

8 TPL is an operating business. It has immediate cash needs that are detailed in the TPL
9 Budget. Specifically, TPL has operating expenses of \$128,000 for the months of March and
10 April, 2014¹, during which time it is expected that a final hearing will be set, which is the
11 minimum necessary to avoid irreparable harm. Without approval to use cash, TPL will cease
12 operating and ongoing licensing operations will cease. It is expected that, in such case, patent-
13 program deployments and commercialization will grind to a halt. Litigation support and patent
14 prosecution and maintenance will cease as Alliacense, TPL's vendor for such services, shuts
15 down due to inability to the inability of TPL to generate funds to pay it.

16 **DISCLOSURE OF PAYMENTS TO INSIDERS AND RELATED ENTITY**

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18 The TPL Budget details the salary of each of TPL's employees including Mr. Leckrone's
19 salary as Chief Executive Officer.

20 Alliacense is owned by TPL's principal, Mr. Leckrone. Alliacense provides professional
21 litigation support services as well as licensing services at a substantial discount from what is
22 charged in the industry for similar services.
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24 **STATUS OF STIPULATIONS FOR USE OF CASH COLLATERAL**

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27 ¹ This includes the adequate protection payment of \$50,000 paid to CCC in March, but does not include adequate
28 protection payment for April, as CCC has agreed to continue the date that payment is due. This also does not

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2 The parties stipulated to extensions of the original cash collateral motion to this point and
3 are likely to stipulate once again but were directed by the Court to bring any further extension by
4 way of a new motion.
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6 WHEREFORE, TPL respectfully requests that this Court grant approval to use cash
7 collateral on the terms set forth herein through and including March 31, 2014, or the date of a
8 final hearing on the Motion, whichever is earlier, and set a final hearing on the Motion.

9 Dated: April 11, 2014

BINDER & MALTER, LLP

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11 By: /s/ Wendy W. Smith
Wendy W. Smith

12 Attorneys for Attorneys for Debtor and Debtor-in-
13 Possession TECHNOLOGY PROPERTIES
14 LIMITED LLC
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27 include adequate protection payments to Mr. Venkidu as it is understood that he has agreed these do not need to be
28 paid during these months.

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Attorneys for Debtor and Debtor-in-Possession
TECHNOLOGY PROPERTIES LIMITED LLC

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re:

TECHNOLOGY PROPERTIES LIMITED,
LLC, a California limited liability company,

Debtor.

Case No.: 13- 51589SLJ

Chapter 11

Date: TBD

Time:

Place: Courtroom 3099
280 South First Street
San Jose, California

**DECLARATION OF DANIEL E. LECKRONE IN SUPPORT OF THIRD MOTION TO
APPROVE USE OF CASH COLLATERAL (FRBP 4001(b))**

I, Daniel E. Leckrone, know the following matters to be true of my own, personal
knowledge and, if called as a witness, could and would testify competently thereto:

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2 1. I am the Manager of Technology Properties Limited LLC, the debtor-in-
3 possession in this case (hereinafter "TPL") and am the responsible party confirmed by Order of
4 the Court.

5 2. TPL was founded in 1988, initially as a corporation, in order to develop, license,
6 and manage proprietary technology for the benefit of the technologies owners, a process referred
7 to generally as "commercialization". The initial technology that TPL commercialized is called
8 the Moore Microprocessor Portfolio (the "MMP Portfolio") and is named after inventor Charles
9 H. Moore. This technology is widely recognized as a fundamental building block of all
10 microprocessor-based products.

11 3. Through the early 2000's, TPL worked with Mr. Moore in an effort to develop
12 and commercialize a revolutionary microprocessor device known as an "Array". As part of that
13 relationship, TPL was assigned part ownership of the MMP Portfolio with exclusive rights to
14 commercialize the MMP portfolio. In early 2004, Patriot Scientific Corporation, a public
15 company ("PTSC"), filed suit against TPL and Moore alleging ownership of the MMP patents
16 and asserting claims for declaratory judgment for determination and correction of inventorship of
17 the MMP patents. That litigation was settled by the parties in 2005 and resulted in the creation of
18 a joint venture by the name of Phoenix Digital Solutions LLC ("PDS"). PDS engaged TPL on an
19 exclusive basis to manage the commercialization of the MMP Portfolio.
20

21 4. Since 2004, the MMP Portfolio has been licensed to essentially all segments of
22 the digital electronics industry, from aerospace and defense to computer gaming, generating over
23 \$300 million for the MMP Portfolio's owners. Over 95 global electronics companies, from
24 industries as diverse as robotics, medical equipment, computers, mobile phones, automobiles,
25 heavy machinery, photography and aerospace, have purchased licenses to the MMP Portfolio.
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1 Such companies include Intel, Fujitsu, Sharp, Phillips, DirecTV, Rockwell Automation, Apple,
2 Motorola, RIM, Nokia, Toshiba, Rolls-Royce, General Electric, and Ford Motor Company. In
3 virtually every case, MMP Portfolio licensee has required that all of its microprocessor-based
4 products be licensed.

5
6 5. TPL also commercializes several other portfolios, including the Fast Logic
7 portfolio, which relates to high-speed logic circuits, and the CORE Flash portfolio, relating to
8 flash-media cards. TPL is also engaged in developing products based upon other patent
9 portfolios, though this is a smaller part of its business. TPL also sells a small volume of
10 computer chips which are manufactured at a third-party fabrication facility based upon designs
11 from patents TPL has a right to use.

12
13 6. TPL's primary business is to maximize the value of patent portfolios. That
14 business has essentially 3 components. Typically, TPL is granted an exclusive license to
15 commercialize a portfolio of patents in exchange for payment of a percentage of the revenue to
16 the owner of the patent.

17 7. TPL then identifies companies whose products infringe the patents and works to
18 license the technology to them. This requires extensive expertise to analyze whether the
19 particular technology is infringing on the patents and to compile and market the information
20 necessary to explain why each company making and selling infringing products need to purchase
21 a license. TPL is in contract with Alliacense Limited LLC ("Alliacense"), a related entity, as its
22 vendor or to provide TPL with the needed technical expertise in marketing services. TPL and
23 Alliacense have common ownership.

24 8. The third component is to prosecute litigation against infringing companies that
25 refuse to license patented technology. This aspect of the business became necessary beginning in
26

1 approximately 2011 because of changes in management styles in the industry and new
2 legislation. TPL is currently litigating extensive claims involving the MMP Portfolio, the Core
3 Flash Portfolio, and the Fast Logic Portfolio against over 30 major corporations. Complaints
4 have been filed in the US International Trade Commission ("ITC"), the United States District
5 Court for the Eastern District of Texas, the District of Delaware, and the Northern District of
6 California. In many of these actions, the patent owners have themselves joined TPL in making
7 claims of infringement against these defendants and seek damages jointly with TPL.
8

9
10 9. TPL has three secured creditors: CCC, Swamy Venkidu (as Shareholder
11 Representative) , and myself.

12
13 10. CCC and TPL entered into agreement in March of 2012 (the Settlement
14 Agreement) to settle a lawsuit arising from TPL's lease of the property located at 20400 Stevens
15 Creek Boulevard in Cupertino California. (*Cupertino City Center Buildings v. Technology*
16 *Properties Limited LLC*, Superior Court of California, County of Santa Clara Case No. 110-CV-
17 186192).

18
19 11. Under the Settlement Agreement, TPL promises to pay CCC a total of \$1.3
20 million in installments at \$50,000 per month over time. This promise is secured by a continuing
21 security interest in TPL's share of the proceeds of the following:

22
23 A. All CORE Flash and FastLogic litigation;

24 B. TPL's interest in the gross proceeds of a license agreement dated 4/12/06 with
25 FMM Portfolio LLC re the CORE Flash Portfolio (aka Memory Control Mgt
26 Technology);
27
28

- 1
- 2 C. TPL's interest in the gross proceeds of a license agreement dated 6/19/07 with
- 3 HSM Portfolio LLC re: the Fast Logic Portfolio (aka High Speed Memory
- 4 Technology);
- 5 D. Fifty percent of TPL's interest in the gross proceeds of a commercialization
- 6 agreement dated 6/7/05 between TPL, P-Newco and Patriot re the MMP
- 7 Portfolio;
- 8 E. TPL's interest in the gross proceeds of that certain agreement dated 6/22/11
- 9 with Agility IP Law LLP re certain CORE Flash Portfolio Patents; and
- 10 F. TPL's interest in the gross proceeds of a license agreement dated 12/14/07
- 11 with ChipScale, Inc. re the Wafer-Level Chip Scale Technology.

12 12. CCC claims to have perfected its security interest by filing a UCC-1 with the

13 California Secretary of State on February 27, 2012.

14 13. I loaned in excess of \$3.8 million to TPL over the last 3 years. The initial loan of

15 \$1 million was made in 2010. At that time we executed a security agreement that covered the

16 current loan and any further loans to TPL. The security agreement granted a security interest in

17 all of TPL's property, including all intellectual property and inchoate rights.

18 14. I claim to have perfected his security interest with the filing of a UCC-1 with the

19 California Secretary of state on April 14, 2010. Mr. Leckrone subsequently subordinated his

20 security interest to that of CCC.

21 15. Mr. Venkidu, TPL and other parties entered into a security agreement in April of

22 2006 (the "Agreement"), which related to a multi-party transaction including TPL and resulted in

23 TPL obtaining certain rights with respect to a group of patents known variously as the "CORE

24 Flash Portfolio" or the MCM Patent Portfolio .

25 16. Under the Agreement, Mr. Venkidu was granted a security interest in the CORE

26 Flash Portfolio. Mr. Venkidu recorded UCC-1 financing statements with the California Secretary

27

1
2 of State of California and claims thereby to have perfected his security interests in the CORE
3 Flash Portfolio and proceeds therefrom. Financing Statements were recorded in 2006 and,
4 following expiration, again on April 12, 2012.

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

7 18. I believes that CCC holds the first priority secured lien position on the collateral
8 securing its lien, owing my subordination and Mr. Venkidu's break in perfection in 2012. I
9 believe I am second priority lienholder on all assets against which CCC holds a lien and first
10 priority against all other TPL assets. TPL believes that Mr. Venkidu is the third priority
11 lienholder on assets against which he holds a lien.

12 **PROJECTED INCOME AND CASH COLLATERAL**

13 19 TPL has approximately \$119,000 in cash at this time from licensing its portfolios.

14 18 Attached hereto as Exhibit A is a budget for TPL's operating expenses for March
15 and April of 2014.

16 19. The cash that TPL is requesting permission to use is necessary to avoid immediate
17 harm. TPL is an operating business. It has immediate cash needs that are detailed in the TPL
18 Projections. Specifically, TPL has or expects to owe operating expenses of \$128,000 for the
19 months of March and April 2014, during which time it is expected that final hearing would be
20 set, which is the minimum necessary to avoid irreparable harm. This amount includes the
21 \$50,000 payment to CCC in March, but does not include a payment for April, as CCC has agreed
22 to continue the obligations for April and May to June 1, 2014. (The April payment is shown on
23 the budget, but will not be paid unless there is revenue sufficient to do so.) This sum also does
24 not include adequate protection payments to Mr. Vinkadu for March and April 2014, as it is my
25 understanding that Mr. Vinkadu has agreed to TPL's use of cash collateral without those
26 payments for March and April. The budget also does not include payments to professionals as a
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2 carve-out because, at this time, TPL does not expect to receive sufficient revenue before a final
3 hearing to pay these sums. It is understood, however, that such a carve-out will be made if cash
4 is available.

5 20. Without approval to use cash, TPL will cease operating and ongoing licensing
6 operations will cease. Patent program deployments and commercialization will grind to a halt.
7 Litigation support and patent prosecution and maintenance will cease as Alliacense, TPL's
8 vendor for such services, shuts down due to TPL's inability to generate funds to pay it.

9 21. Exhibit A details the salary of each of TPL's employees for March and April of
10 2014.
11

12 I declare under penalty of perjury of the laws of the United States that the foregoing is
13 true and correct. Executed this 11th day of April, 2014 at San Jose, California.
14

15 /s/ DANIEL E. LECKRONE
16 DANIEL E. LECKRONE
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Column2	Column233	Column234
	Month	Month
Cash flow, All figures in USD \$000	3	4
Week/Mo. beginning -->	1-Mar	1-Apr
Week/Mo. ending -->	31-Mar	30-Apr
Receipts		
5 PDS Distribution MMP		
6 CoreFlash		
7 FastLogic		
8 3D Art		
9 Other Receipts (see notes below)	6	40
10 Gross Receipts	6	40
Direct Cost of Revenue		
15 Lit/Lic Contingency 3rd Party Partners	0	0
16 Litigation Contingency (Var. %)	0	0
17 Licensing Contingency (AL 15%)	0	0
19 3rd Party Litigation Exp AL	0	0
20 3rd Party Litigation Exp - Law Firms	0	0
22 Payroll & Employee Exp. (see notes below)	16	29
26 Commissions		
29 Contract Labor		
30 Rent: Personal Property	0	0
31 Rent: Real Property	0	10
32 Insurance	0	2
33 Other Taxes	0	1
34 Other Selling	0	0
35 Travel	0	0
36 Other Expense Reimbursement	2	0
37 Other Administrative	0	0
38 Telecom	1	1
39 Services Non-Legal	3	7
40 Other Administrative	0	0
43 Patent Prosecution/Maint.	0	0
41 Interest		
42 Other Expenses		
44 CCC Adequate Protection	50	50
45 Marcoux Payment	0	0
51 Venkidu Adequate Protection	0	0
52 Other Expenses		
Total Operating Costs & Expenses	73	100
55 Professional Fees-Reorg (RES. 100)	0	0
56 Prof Fees-Non-Reorg.		0
57 US Trustee Quarterly Fees		5
58 Total Organization Items	0	5
59 Pretax Profit	-67	-64
60 Reserve for Taxes	0	0
61 Net Cash Before Payments to Claimants:	-67	-64
Balance		
Income - Expense	-67	-64
Starting cash balance	131	64
Ending cash bal. (before Claimant Pymts.)	64	0

9 Refunds from TriNet \$6K Mar; \$39K Apr.;
Royalty payment rec'd \$1K Apr.

22 March Payrolls - prepaid \$55K in Feb. with
Nov-Feb. budgeted cash; \$6K paid in March
with deposit at TriNet without TPL permission.
Consultants (J.Neal/ W.Martin) \$10K due.

22 April Payroll - consultants \$10K; April 15th
payroll \$10,268; April 30th payroll \$8,700

22 Salaries for TPL:

Anhalt, Susan	17	NLE
Tarazon, Lisa	7	NLE
Gutierrez, Tina	5	3
Brockett, Donna	6	6
Leckrone, Daniel E.	11	3
Benefits	15	7