

Parkervision Inc. (NasdaqCM:PRKR)

Earnings Call Transcript

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Call Participants

Executives

Jeffrey L. Parker

Chairman and Chief Executive Officer

Ron Stabiner

Analysts

Jon R. Hickman

Ladenburg Thalmann & Co. Inc., Research Division

Philip Anderson

Walter Schenker

Wilson S. Jaeggli

Southwell Management, L.P.

Presentation

Operator

Good morning, and welcome to ParkerVision's Second Quarter 2012 Conference Call and Webcast. Today's conference is being recorded. [Operator Instructions] Following the presentation, we will open up the conference call to questions and answers. [Operator Instructions]

As it is now time for opening remarks and introductions, I'd like to turn the conference over to Ron Stabiner with the Wall Street Group. Please go ahead, sir.

Ron Stabiner

Thank you, Sayyid. Good morning, everyone, and thank you for joining us.

Before we get started, I would like to remind listeners that this conference call will contain forward-looking statements which involve known and unknown risks and uncertainties about our business and the economy and other factors that may cause actual results to differ materially from our expected achievements and anticipated results. Included in these factors is the ability to maintain technological advantages in the marketplace, the ability to increase manufacturing capacity to meet demands, achieving timely market introduction and acceptance of product, maintaining our patent protection and the availability of capital, among others. Given these uncertainties and other factors for our business, listeners are cautioned not to place undue reliance on any forward-looking statement contained within this conference call. Additional materials concerning these and other risks can be found in our filings with the Securities and Exchange Commission.

On this morning's call, we'll hear first from Cindy Poehlman, Chief Financial Officer, who will provide a review of the company's second quarter results, and she'll be followed by Jeffrey Parker, Chief Executive Officer of ParkerVision, who will provide an update on the business of the company.

With that, I'll now turn the call over to Cindy. Please go ahead.

Jeffrey L. Parker

Chairman and Chief Executive Officer

Thank you, Ron, and good morning to those of you joining us for ParkerVision's Second Quarter 2012 Conference Call.

Yesterday afternoon, we reported a net loss of \$5.1 million or \$0.07 per share for the second quarter of 2012 compared to a net loss of \$3.5 million or \$0.06 per share for the same quarter last year. On a year-to-date basis, our net loss increased from \$6.9 million or \$0.12 per share in the first half of 2011 to \$9.1 million or \$0.13 per share for the same period in 2012. The increase in our aggregate net loss for both the quarter and the 6-month periods was the result of increased legal expenses, primarily litigation related, and an increase in noncash share-based compensation, as discussed in our 10-Q that was filed yesterday afternoon.

Our working capital increased by \$5.2 million during the second quarter of 2012. This increase is largely the result of \$8.3 million in net proceeds from a common stock offering under our shelf registration statement in April. In addition, during this past quarter, we received net proceeds of approximately \$900,000 from the exercise of 1.6 million warrants.

We used approximately \$3.9 million in cash for operations during the second quarter of 2012, and we ended the quarter with \$6.9 million in cash and investments.

I'm happy to answer any questions regarding the financials at the end of today's call, but at this time, I'd like to turn the call over to Jeff Parker for a business update.

Jeffrey L. Parker

Chairman and Chief Executive Officer

Okay. And thank you, Cindy. And good morning to all of you joining us on our Second Quarter Conference Call.

So the activities over this past quarter have continued to be focused on the development and commercialization of our technologies, the curant [ph] patent production for our innovations and the defense of our intellectual property portfolio. Today, I hope to provide you with an update concerning these activities. So I'll start with the defense of our intellectual property portfolio, namely our patent infringement lawsuit against Qualcomm.

There have been approximately 3 dozen court documents that have been filed over the past 3 months, all of which are available through our website. A number of those documents are related to the recent Markman hearing, which was held early last week. The Markman hearing, also referred to as the patent claim construction hearing, is where the oral arguments of each party are heard by the court regarding how certain terms used within the patent claims are

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defined. It's this hearing, along with the companion briefs that have been filed by each party, that are then considered by the judge. The judge has the authority to issue rulings regarding the interpretation of certain terms found in the patent claims that are at issue in this case. This ruling will serve as the basis for defining ParkerVision's property rights with respect to its patented technologies.

The ruling will drive and inform many aspects of the litigation and provide guidance to the jury. Both ParkerVision and Qualcomm filed opening claim construction briefs as well as respective rebuttal briefs in preparation for the Markman. In addition, the judge asked both parties to provide a technology tutorial to the court about 2 weeks prior to the Markman hearing itself. The transcript from the tutorial is available from the court, and some of our investors attended the tutorial in person. However, I'd like to spend just a moment explaining what our tutorial presentation focused on.

Our CTO, Mr. David Sorrells, along with our lead litigation counsel, Doug Cawley of McKool Smith, walked the court through an aural and visual explanation of the operation of some of the historical down-converters that are used in different types of RF receivers versus our RF down-converter technology which we refer to as RF energy sampling. We explained the ParkerVision's RF energy sampling technology advanced the capability of the RF down-converter by the novel use of transferring energy from the RF carrier signal in samples, integrating that energy and using controlled charge and discharge cycles to ultimately produce superlative baseband information that was sent on the modulated RF carrier signal.

Although our patents described a number of different embodiments in which this kind of down-converter can be practiced, we believe that the fundamental concepts came across as straightforward and easy to grasp. While we develop the science behind RF energy sampling, we were very enthusiastic about the breadth of potential applications in modern wireless devices. Today, our enthusiasm remains greater than ever as we see the significant contributions that we believe our technology is making in today's wireless devices and the benefits that our technology makes possible in future devices.

Based on the court's current case management schedule, we anticipate that, in the coming several weeks, we will see the court rule on the claim construction. Following that ruling, ParkerVision will have an opportunity to amend our infringement contentions and Qualcomm will have an opportunity to amend its invalidity contentions. The court currently has set a date of October 5, 2012, for our amended infringement contentions and October 26 for Qualcomm's amended invalidity contentions to be filed.

With the jury trial scheduled to begin on August 5, 2013, we've now crossed the halfway point in this case and we continue to look forward to showing the court and the jury how Qualcomm is using ParkerVision's technology despite the legal patent protections that we have expended a great deal of time and capital to secure.

So now I'd like to turn the topic of -- to commercialization of our intellectual property. In the area of our d2p transmit technology, our team continues to work closely with an Asian OEM who is the customer of our baseband partner, VIA Telecom. This OEM has requested that we provide additional detailed information on our d2p components, which we have done, and for additional reference design work, which is in the process of being completed. After completion of the reference design work, we anticipate moving forward with this OEM to incorporate our d2p technology into certain handset programs and their associated products.

We also recently announced that we've engaged the firm of Wilson Sonsini Goodrich & Rosati. Wilson Sonsini joins our existing team of highly regarded outside law firms that include Graubard Miller, McKool Smith, Sterne Kessler Goldstein & Fox and Workman Nydegger. Having counseled a number of the world's most prestigious and successful technology companies, both large and small, we look forward to working with Wilson Sonsini's highly experienced team on matters concerning our technologies in the areas of joint ventures and alliances, licensing, intellectual property transactions and other areas where we believe Wilson Sonsini's significant expertise aligns with the opportunities that we're working to develop.

And lastly, we continue to invest in the advancement of our technologies and to secure protection on those investments as we continue investing in the development of our intellectual property portfolio. The firm of Sterne Kessler Goldstein & Fox has assisted us in building our portfolio from the ground up and continues to represent us in the expansion of that portfolio. We have also supplemented our patent prosecution resources with the addition of the intellectual property law firm of Workman Nydegger late last year.

So far this year, the work of our internal and external intellectual property teams has resulted in the granting of 12 additional United States patents and 1 foreign patent as we reported in our Q. Actually, we learned last night of a second foreign patents that just issued, so it's now 12 U.S. and 2 foreign additional patents that have issued to cover our wireless technologies. This increases the size of our IT portfolio to over 200 domestic international patents issued and over 50 additional pending applications. We continue to believe in the importance of developing and advancing new technologies and protecting those inventions. And we continue to have a very optimistic outlook with the adoption of those technologies and our ability to generate revenue and shareholder value.

So with that, I will thank you for listening in to our updates today. And I'd like to open this call for your questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Philip Anderson from Pinnacle.

Philip Anderson

I know the name Wilson Sonsini by reputation. They've been involved with some of our companies over the years. And we know Doug Cawley is a lawyer from McKool. Who's heading up our efforts, whatever they are, within Wilson Sonsini?

Jeffrey L. Parker

Chairman and Chief Executive Officer

We are working with Larry Sonsini, Phil, to explore some of these opportunities I mentioned. And Larry has had an opportunity to familiarize himself better with our technologies and our intellectual property and some of the business development activities that we are interested in working with him on. And we're just very pleased that Larry Sonsini and some of his team members are working with us now to help develop those.

Philip Anderson

Yes, I'm pleasantly shocked to hear it's Larry Sonsini himself who's -- I mean, he's the who's who on the West Coast of IP lawyers -- well, actually not IP but corporate law. What -- how did you convince him to work with little ParkerVision? Or what's our angle with him?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Well, I don't think it was anything we did in particular that convinced him, so to speak. I think he took a look at the technologies we have developed and assessed those along with the way we thoughtfully gone about the process of incorporating intellectual property protection around those technologies and where those technologies get into the marketplace today and agrees with us that there is a great deal of value that can be built from these technologies and the intellectual property. And I think Larry is the type of counselor that if he believes he can bring significant assistance and positive results, then he is enthusiastic to put his time towards that end. He was very enthusiastic to do so. We also had the good fortune of having the introduction to Larry through one of our board members, who has known Larry for many years. And Larry has counseled personally some of the companies this board member has either been an executive of or has been on the board of. And I think Larry is looking at the opportunities for ParkerVision correctly, and we're very excited to have someone with his experience available to help us. I think it's terrific.

Philip Anderson

Yes, terrific. It's, again, shocking someone of his stature would -- I guess, maybe, I shouldn't be shocked and I guess we should be proud that someone of his stature is confirming the opportunities to license that -- the patent portfolio. Switching gears for a second, Jeff, I want to push this a little bit harder, the cell phone OEM opportunity. Can you give us -- for example, has the testing, whatever the testing, is that complete, is it largely complete? Or where are we in the testing process? Have -- has the product or products been issued part numbers or are they in the purchasing department? Are we creating materials with them? Can you give us a bit more granularity? The process has been going on for some time. It would seem that it should be getting near to conclusion one of these days, weeks, months.

Jeffrey L. Parker

Chairman and Chief Executive Officer

Right. So the testing, Phil, is, we believe, largely complete. I mean, I don't know if the testings you can ever say is totally complete. Even when a product's in production, they continue to do lifecycle and other types of testing. But it's largely complete. The documentation that we provided is in preparation for what we believe is the adoption of these parts into products. And it's one of the steps in the process that you have to go through to get parts available for being ordered, so we think that's a good sign. And we are nearing completion of this reference design, which brings some additional flexibility to the customer in terms of the numbers of different products that it can go into. And I'm pretty optimistic that the team who's been working on this is in fact on the track to bringing this to the kind of conclusion we've all been hoping for, but I don't really want to make any comments beyond that right now because I think it's -- let's see what kind of conclusion it comes to based on events that we expect to happen in the not-too-distant future here.

Operator

Our next question comes from Jon Hickman from Ladenburg Thalmann.

Jon R. Hickman

Ladenburg Thalmann & Co. Inc., Research Division

I want to push it just a little bit harder on this commercialization opportunity. Exactly what -- could you elaborate on what a reference design is and what they're -- exactly what they want that for? I mean, you know that -- you said something about you needed to get product parts in...

Jeffrey L. Parker

Chairman and Chief Executive Officer

Sure, sure. Yes. So the reference design is a template that the customer will use that can be incorporated into various phone and possible other products' models. It is -- it incorporates our latest and greatest silicon. I've -- we've mentioned in, I think, in the last conference call or 2 that we've advanced the silicons that have even lower temperature benefits than the original versions which were already very low in temperature, this is even beyond that. And the only -- I guess the only other flavor I can probably appropriately provide is that we do see the initial phone or other model products that would incorporate this being initially for the Asia market. That would be where we would start. It's certainly the quickest to market and it's -- the specific kinds of models that we've been working with this customer on are the Asian models right now.

Jon R. Hickman

Ladenburg Thalmann & Co. Inc., Research Division

So is this just some pages of electronic circuit schematics that kind of define or describe...

Jeffrey L. Parker

Chairman and Chief Executive Officer

Well, it's -- no. Well, in our case, a reference design goes all the way from the pages that support it: schematics, specifications for the components, test results for the components, spec sheets for the components. All of that along with physical hardware that represents that schematics on circuit boards that test out to match the schematics and to match the specifications and the performance that the spec sheets call out. So it's everything from the written documents all the way through the physical hardware that match up with those documents.

Jon R. Hickman

Ladenburg Thalmann & Co. Inc., Research Division

And what part of this have you already delivered? And what part is still being...

Jeffrey L. Parker

Chairman and Chief Executive Officer

We've delivered -- well, we've delivered everything through hardware, except that we're doing an additional version now with additional hardware for refined reference design, which is -- just gives them more flexibility in terms of which models they could put this -- our technology and our components into. So it's a refinement of a previous version that makes it even smaller and more flexible. And there's a lot of different considerations in these types of products in terms of where the RF section resides and what kind of interface this requires for the baseband processor and other parts of the product. And so we've taken that to another step that just makes that more flexible.

Jon R. Hickman

Ladenburg Thalmann & Co. Inc., Research Division

Okay. And in your estimation they still want to get this phone out sometime early part of next year?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Their indication is that there are programs that they have right now that this would be a very good fit for. And so they're hoping we can get this thing wrapped up sooner than later. And so our team is pushing as quick as they can to do that. Some of the things that we've been gated by are we needed additional silicon chips to finish up some of these designs in the physical form, it took some time for us to get those from the fab. Our fabs are IBM. We get some of our silicon from them, and TSMC, some of the other. And so that was some of the gating factor but that's now behind us. And it's just moving as quickly as we can to wrap up. The documentation's been wrapped up, there's some hardware deliverables that are coming in any time now to -- that we'll be delivering to them. This will be kind of what we think is the last step to finally then move this thing on to a -- knock wood, an order, which is what we're all driving towards here.

Jon R. Hickman

Ladenburg Thalmann & Co. Inc., Research Division

So is there any -- are there any sort of -- right -- what's the right word? Like, press-release-type events between now and an actual order that would allow you to keep us up on the progress here? Or...

Jeffrey L. Parker

Chairman and Chief Executive Officer

Jon, not that I can think of. I think that, really, the next milestone would in fact be an order. I reserve the right to change my mind on that if there's something that happens between now and that, that I haven't thought of. But right now, really, all of our efforts are focused on satisfying the OEM to, in fact, be able to get an order.

Operator

Our next question comes from Walter Schenker from MAZ Partners.

Walter Schenker

Two questions. But on the litigation, as we continue to add law firms, they are generally coming in on what sort of -- I know you won't specifically detail it, on what sort of an economic basis? Meaning, are you paying them on an hourly -- I would think that the top guy in a West Coast patent litigation firm probably bills more than \$10 or \$20 an hour. How will we pay? Not with what, but what type of terms are people coming in on?

Jeffrey L. Parker

Chairman and Chief Executive Officer

So Walt, let me clarify. The Wilson Sonsini relationship has nothing to do with our IP litigation. They are exclusively working with us -- let me maybe provide this visibility: If you look at our patent portfolio, we have over 200 patents now. We've asserted against Qualcomm 6 patents, so that's less than 3% of our entire portfolio. We see a lot of opportunity to commercialize our technologies off of the strength of the technologies themselves and the portfolio that protects those whether it's licensing, joint ventures, through all kinds of possibilities that we're exploring. It's in that business development sense that we engage with Wilson Sonsini and that Larry will -- Larry Sonsini will be helping us.

In terms of how they get compensated, right now, their compensation will be on an hourly basis. I don't consider that the amount of time Larry will be contributing to this at the beginning will be material. But what I think what hopefully will occur is that there will be some successes in working together that will then lead to bigger projects and programs that could become very material for the company. And as they became material in fees, then we'll address that at that time with Wilson, whether it's to see if they're interested in working with us on a success fee or, say, with an hourly. But recognize, before we would see material advance in Wilson Sonsini's billings, it'll be because we're onto a very specific transaction that would be well worth whatever the investment is to support that activity. What's exciting to us about working not just with the Wilson Sonsini team, the very seasoned and accomplished team in the technology sector, but, well, with Larry as well, is these guys have a great deal of experience in sorting through how to be a deal -- Larry and his team are dealmakers. How do you get things done? And what they've seen in our technologies and our supporting IP is that we're in a space that has a lot of needs for this technology and they have reach to many companies that we believe and they believe will be very interested in working with us in a variety of business development activities. So let's just leave it right now as we think that the support of whatever financial requirements will occur will first be gated by the actual opportunity itself, which we obviously won't pursue unless we think it's financially rewarding to us and, of course, building shareholder value.

Walter Schenker

So this is, again, I'm being redundant, a little bit, I don't want to waste time, but this effectively addresses the question I remember asking. If your patents are very broadly referenced by many major technology companies, why are none of these people paying you any royalties?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Let's just say it could address a lot of things, Walter. And I don't want to narrow down the possibilities right now, but let's just leave it as we and Wilson and Larry see a lot of opportunity in the technologies that we've developed in building business revenue streams from those opportunities, okay?

Walter Schenker

And the second question is in regard to the commercial hope for a contract. Much of what's going on now is largely between you and the end customer. And whatever issues or capabilities may exist at VIA is unlikely to play a slowing role in what's going on, hopefully?

Jeffrey L. Parker

Chairman and Chief Executive Officer

I would agree with that. VIA Telecom's role right now is really being supportive in some of the software nuances that the customer may want. It's one of VIA's largest customers, so I think they give good support. Plus, that customer has a fair amount of their own commitment to being able to incorporate VIA's basebands into various products that they use them in and the support staff to do so. So yes, I think we're in pretty good shape in that regard.

Operator

[Operator Instructions] Our next question comes from Wilson Jaeggli from Southwell.

Wilson S. Jaeggli

Southwell Management, L.P.

Two subjects here. Last week or maybe the week before, there was a rumor going about that there have been some major sales in the company stock by you or by other board members. Has that occurred?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Absolutely not. I don't have any idea where such rumors were fabricated from. But we did get calls from a few shareholders who told me that they had received calls from -- they didn't say who, but from some sources saying that my 13D filing, which was a -- just an update of my holdings. It was an indication that I was selling all my stock and moving on. And that was just a complete untrue, fabricated rumor you can only guess to attempt to create fear with the shareholders. What that 13D shows is that I increased my holdings. And Wilson, I can't remember the last time I sold stock from this company. I mean, it's been years and years. So long, I -- honestly, I can't remember how long ago it's been. In terms of other board members, we have a board member with a 10b5-1 plan that was put in place when the stock with this \$0.50 or \$0.60 a share, I mean, literally. And I think he sold a few thousand shares and that's it, which I certainly don't consider to be material. So beyond that, there is no transactions that have occurred here, as I said, other than I've been increasing my holdings. And I wish I had more liquid cash, I'd like to increase them further. But no, that's a complete fabricated, untrue rumor.

Wilson S. Jaeggli

Southwell Management, L.P.

Talk about here Qualcomm's incorporation of your design. As I understand it, one of your engineers was at a presentation by one of Qualcomm's engineers on one of their white papers and looked at the technology discussed and said, "Well, that mimics ours." Can you tell us your best estimate when Qualcomm started infringing upon our patents and how you actually learned about that?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Sure. I'm going to be a little limited to what's out there in the filings. But we have evidence that they started incorporating this technology and shipping it as early as 2007. Is it possible they incorporated this earlier? Well, we're still in the discovery process and we may learn that maybe it was a little bit earlier, but we certainly have verified the 2007 date. We believe -- and when we announced the litigation, we stated that we believe that they had expanded this technology throughout their product lines such that, by around the end of 2009 or early 2010, that it was incorporated into everything that they shipped. And to this day, we believe this is incorporated in everything they ship. Our discovery is still not complete, but as of this point, we continue to believe what I just described to you based on what we've seen from what we've got in the discovery thus far. In terms of how we learned of the infringement, really not in liberty at this them to go into the detail, other than I will comment that we learned of this infringement on our own. We had no help from any of our legal counselors or any outside third party in finding their infringement. And let's just leave for the detail of how we found that infringement for a later date when it will probably show up either in court filings or at the trial itself.

Wilson S. Jaeggli

Southwell Management, L.P.

The -- okay. Well, let me ask you this question. I know our product offers lower voltage and, certainly, lower temperature. Was there a point in time when Qualcomm offered those functionality in their product?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Well, let me comment. It's -- I'm not sure this exactly answers your question, but I think it's what you're looking for. One of the reasons that this is an attractive technology is that the semiconductors that are being used to create radio receivers continue to shrink in terms of the geometries, that's of the minimum features, that the semiconductors can incorporate. So if you turn the clock back to 1999 when we kind of started on this journey, you would see that the voltages on those semiconductors were, maybe, 5 to 7 volts. And with 5 to 7 volts available on a semiconductor chip, there are certain down-converter approaches you can use. And so the analog down-converters that we described in our tutorials at court, back in that era of 5 to 7 volts, worked okay. As the silicon geometries continued to get smaller through the next decade and they dropped from -- I think, back in the 1999 era, it was probably 0.35 micron and then it dropped in the mid 2000s down to the 90-nanometer or 65-nanometer geometries all of a sudden. Now those voltages that were available on the semiconductors also dropped down into the 3 to 4 volt range and, through

the decade and today, continue to drop as we're now seeing people incorporating radio receivers in 28-nanometer geometries in that area.

The challenge is, with such low voltage, those analog down-converters that use analog mixers are no longer really an option. You can't get the performance out of those down-converters to build the kind of receivers, especially in direct conversion receivers, that will meet the specifications of 3G, 4G and other kinds of wireless, like some of the Wi-Fi specs that are out there, et cetera. So the industry had to find other ways of processing and down-converting those radio signals using those lower voltages. RF energy sampling solved that problem. Now in addition to solving the problem, what's really so special about this technology is it didn't replace the analog down-converter using lower voltages and deliver the same performance, it actually enhanced the performance because of some of the unique properties of our energy sampling, and we explained this in our tutorial. And I described it earlier in my conference call comments when I suggest that the RF energy sampling down-converter delivers superior baseband signal over the analog down-converters that it replaces. So there were a number of advances that this RF energy sampling technology brought, but I think the tipping point was when the voltages on the semiconductors came below a certain voltage, it now -- it no longer became an option to start looking at RF energy sampling. It really became a necessity because you can't make these analog down-converters function properly and meet the specifications of the 3G and 4G standards at these low voltages, which we -- the RF energy sampling can achieve and still increase the performance. I hope that answered your questions.

Wilson S. Jaeggli

Southwell Management, L.P.

Basically, what you're saying is that, these low size of nanometers and low voltage, only our digital RF energy converter will work, analog will not.

Jeffrey L. Parker

Chairman and Chief Executive Officer

And meet the specifications of these 3G and 4G products and other kinds of challenging wireless applications, that's correct. That we're aware of -- I'm not aware of any other down-converter that will do that.

Wilson S. Jaeggli

Southwell Management, L.P.

And is there any other digital technology out there that Qualcomm could have incorporated besides ours to make this function -- to hit these functionality points?

Jeffrey L. Parker

Chairman and Chief Executive Officer

The only other technologies that we're aware of, again discussed in our tutorial, is the -- what's known as impulse samplers or track-and-hold samplers where you're trying to preserve a voltage that's measured on the received radio signal. They're trying to preserve that voltage, and you sample on the input of the sampler will be represented on the output. So voltage in and voltage out look a lot alike. And as the carrier signal is modulating, whether it's amplitude or frequency or phase or some combinations, those voltages are changing. And you're trying to use those voltages of every single sample as discrete pieces of information that ultimately recreate the baseband of signal that you're looking to form, which is the representation of the data that was transmitted in the first place. The challenge with those is their performance is woeful. And they've been around for only a number of decades, but they don't meet the performance requirements anywhere near what's required for a cell phone using today's 3G and 4G. And so we've never seen anybody incorporate those into these types of products. And in fact, I would say to you that the use of an impulse or a track-and-hold sampler, which is the only other form of sampler we're aware of, has never made it into any volume-produced quality radio receiver ever. So that's the only alternative that we're aware of.

Wilson S. Jaeggli

Southwell Management, L.P.

Okay. That didn't sound like a very opportune alternative. So if Qualcomm started shipping possibly in 2007, and by 2009, it looks like they possibly could have incorporated it in everything they had, there's obviously some potential penalties here. Could you talk about the analysis and -- or how the penalties' amount will be determined and maybe in what time frame?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Yes, sure. So the most, at this time, I think, we can appropriately say is that McKool Smith has engaged a experienced damages expert. That expert will be using what we learn in discovery and be calculating what we believe the damages appropriately are. In terms of penalties, the only penalty that I'm aware of that could be imposed, and this is strictly up to the court, is if you can prove that the infringement was willful, that they knew they were incorporating

somebody else's protected intellectual property into their products then the court can take whatever the damages are that the court and the jury find and can add up to what's the, I believe, treble damages. How much actually will be added if they find for willful infringement is truly, Wilson, up to them. And I would be inappropriate, for me to make any kind of a guess or estimate. But that's, I believe -- what the law states is they can give up to treble damages.

Wilson S. Jaeggli

Southwell Management, L.P.

Okay. You gave a partial calendar here of when new arguments have to be delivered to the court based on the Markman hearing. Do you have an estimated date when this damage expert might have his analysis complete?

Jeffrey L. Parker

Chairman and Chief Executive Officer

I don't. I prefer to maybe answer that question again in our next conference call update. I'll get some flavor on that from our litigators and hopefully be able to answer then. I don't expect it could be done, though, until the discovery is complete and then incorporated into the damages expert's process because they have a very specific process they go through to create these damages estimates.

Wilson S. Jaeggli

Southwell Management, L.P.

Okay. And one last question here, and I know we've had a lot on our Asian OEM. Have you received the final silicon from your fabs that incorporate your latest and greatest design?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Yes, yes.

Wilson S. Jaeggli

Southwell Management, L.P.

And has that been shipped to this OEM?

Jeffrey L. Parker

Chairman and Chief Executive Officer

I believe if it hasn't it's going to be any time now.

Wilson S. Jaeggli

Southwell Management, L.P.

Okay. And I would assume they would do a last testing, incorporating this in their baseband?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Yes. And we don't expect that will be a very time-consuming event, however, because there have been so much testing that's already occurred. And I think it'll just be spot checking against our spec sheets.

Wilson S. Jaeggli

Southwell Management, L.P.

Okay. They have tested previous silicon that you have delivered...

Jeffrey L. Parker

Chairman and Chief Executive Officer

Correct, right.

Operator

We have a follow-up question from Philip Anderson from Pinnacle.

Philip Anderson

I was listening to Wilson's comments there. I was reminded of the filing in the middle of April, the court filing where it was disclosed that Qualcomm had made us an offer that was \$638 million to \$676 million if memory serves over 5 years. And their estimate, which is a lot of money particularly when it's license [ph] revenue, why did we say no? Why didn't the deal get done?

Jeffrey L. Parker

Chairman and Chief Executive Officer

Parkervision Inc., Q2 2012 Earnings Call, Aug 15, 2012

Well, Phil, look, as I hope you can appreciate, it's kind of inappropriate for me to give any additional information outside of what's in the public filings right now. I think all I really can comment right now is that the legal counselors wouldn't cite this information if they wasn't solid evidence behind the statement. In terms of what exactly transpired between the parties after such an offer was made, let's just say there's a lot of factors that a licensee must consider when licensing a technology, especially a -- one that's as foundational as this one is proving to be and, we believe at the time, that it would be. So Phil, consider this: We've had, in our opinion, one of the best prosecuting attorney firms in the country helping us put this portfolio together and was willing to stake his reputation by sitting on our board of directors. We've had, I think, an extraordinary, accomplished, reputable Board of Independent Directors who've been on this company for a long time on this board. We've got, I think, one of the country's best patent litigators supporting our case. Now you've got Wilson Sonsini coming on board to help us with further business development opportunities, which is my long winding way of suggesting to you that we believed then and further believe that we were correct looking at our beliefs back then now that we actually see the way the world exists, that this will be a very important patent portfolio and set of inventions. And as such, we have to be careful how we create agreements with companies who are interested in using that technology. And so let's just leave that as there were good reasons why -- sometimes why licensees and licensors don't come together. And you you'll learn more about this as the case goes on.

Operator

We have no further questions at this time. I would like to hand the conference back over to Mr. Parker for any closing remarks.

Jeffrey L. Parker

Chairman and Chief Executive Officer

Well, folks, as I think you've seen, it's been a busy quarter. I expect the coming rest of the year to be just as busy and, hopefully, even busier. And we appreciate your support and we look forward to a very exciting coming months in the balance of this year. And we look forward to our next conference call with you. So have a great day, and thanks for listening in.

Operator

This does conclude today's conference. If you wish to access archived audio cast replay of the call, you may do so by visiting the company's website at www.parkervision.com. Thank you.

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