

**Competition and Intellectual Property  
Law and Policy as it Relates to the Semiconductor  
Foundry Industry**

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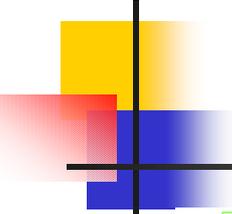
**Presented by**

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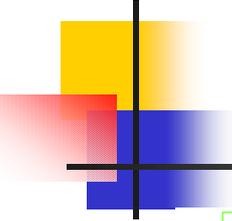


# Goals and Objectives of US Patent System

## A Jeffersonian Perspective

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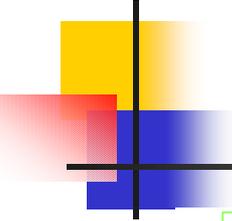
- **“That ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man, and improvement of his condition, seems to have been peculiarly and benevolently designed by nature... Inventions then cannot, in nature, be subject of property. Society may give an exclusive right to the profits arising from them, an encouragement to men to pursue ideas which may produce utility, but this may or may not be done according to the will and convenience of the society, without claim or complaint from anybody...”**



# TSMC Patent Prosecution Goals and Objectives

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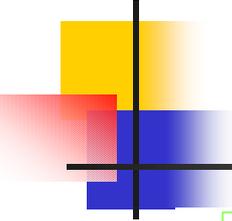
- **Enabling TSMC to manufacture securely and freely;**
- **Enabling TSMC to sustain competitive advantage (including but not limited to: i.) Enhancing the global technological image of TSMC; ii.) Providing to customers additional value added; and iii.) Leveraging access to third party technologies);**
- **Minimizing patent infringement liability/damages/costs (including significant lost management time);**
- **Increasing shareholder value; and**
- **Increasing employee welfare (financial, job security, enhanced working environment, etc.).**



# TSMC Patent Filing Considerations

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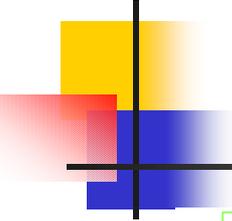
- **Patentability;**
- **Competitive Analysis;**
- **Advanced Process Technology Roadmap;**
- **Portfolio Value;**
- **Design around;**
- **Other intellectual property value; and**
- **Litigation considerations.**



# TSMC Patent Prosecution Efforts are Intensifying

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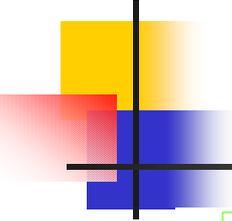
- Driven by increased patent activity by others in industry;
- Increased infringement claim activities;
- Globalization requires filing in more jurisdictions;
- Quantity vs. Quality (filing/maintenance costs)
- Since 1988:
  - US- 3225 applications/1993 issued
  - ROC- 3417 applications/2213 issued
  - Goals - 500 U.S. each year



## Value of Patent Portfolio to TSMC

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- **Leverage in joint development projects with customers;**
- **Licensing technologies/royalty generation;**
- **Defensive position;**
- **Litigation resource;**
- **Enhanced technological image;**



# Challenges

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- Patent Tolling
- Deleterious affect of proliferation of litigation;
- Return to pre-1930's beliefs in the right to exploit patents as a Lockean natural right against which society has no claim – **this was not the intention of the Founding Fathers;**
- Many patent owners have tried to stretch patents beyond the scope of the real invention thereby creating unfair results;
- Insufficient dedicated resources of U.S. PTO.