

Patriot Scientific Corporation, apparently in conjunction with Technology Properties LLC ("TPL") and my former attorney Dan Leckrone, has just announced a settlement with TPL; Patriot's website discloses:

"On October 6, 2011, Patriot Scientific Corporation (the "Company") entered into a settlement agreement with Technology Properties Limited LLC ("TPL"), pursuant to which the Company and TPL settled all claims relating to their current litigation. A description of the litigation is contained in the Company's Form 10-K for the fiscal year ended May 31, 2011, under the caption " *TPL Litigation* " at Item 3. Legal Proceedings.

Pursuant to the terms of the settlement agreement, TPL has agreed to have PDS allocate to the Company \$1,100,000 at the rate of five and ten percent of future distributions due to TPL as a member of PDS; TPL has agreed to increased review and procedures by PDS and the Company on all MSD licensing; the Company has agreed to have PDS pay TPL for certain litigation and reexamination support services at the rate of \$172,000 for June 2011, and \$86,000 per month thereafter until 60 days after the Markman hearing in the current patent infringement litigation; and the parties have agreed to established guidelines and procedures relating to proposed license arrangements to be entered into by TPL involving the MSD Patents and one or more other patents within TPL's portfolio that is not an MSD Patent, and a procedure for allocating revenue between the MSD Patents and the non-MSD Patents, if needed."

First, a bit of background:

Patriot and I are the co-owners of the MMP patent portfolio. In 2005, TPL acquired the right to license MMP patents to third parties. Patriot gets one-half of the licensing proceeds, TPL and I share the other half (55% to me; 45% to TPL). Licensing revenues pass through PDS, which pays Patriot's share to Patriot, and which pays TPL's share and my share to TPL.

As licensing revenues grew between 2005 and 2007, TPL paid me less and less of what should have been my 55% share of its net revenues. When it became obvious that TPL was increasing, inflating and misrepresenting its expenses to avoid paying me for my share of my patents' revenues, I demanded that TPL re-negotiate its deal with me.

In 2007, TPL and I amended the Commercialization Agreement between us. The 2007 Amendment to the ComAg gave me a percentage of revenues off the top, with the balance subject to accounting for expenses.

TPL has never paid me the required percentage of its revenues. Instead, TPL has further manipulated its expenses and introduced

a variety of individuals and claimants to an "off the top" share of its revenues, including Leckrone family members.

The result is a bizarre situation in which TPL seeks at every turn to maximize expenses that it claims the right to deduct before making "off the top" payments, introduces a revolving door list of "off the top" payees whose shares supposedly come before mine, and conducts a minimum level of licensing activities - an amount just sufficient to compensate TPL for its supposed expenses, but bringing nothing down to a TPL bottom line that would require TPL to account to all of those to whom shares of revenues have been promised.

I have been paid nothing by TPL since early 2009, despite millions of dollars of MMP licensing revenues.

All of this is subject to ongoing litigation between me and TPL and its principals and subsidiaries.

Patriot, for its part, stood by for the past several years quietly accepting its one-half share of unacceptably low MMP revenues.

Finally, last year, TPL went too far, even for Patriot. TPL issued a "mixed" license to a major electronics firm. Although MMP was the by-far-most-valuable of the licenses issued, TPL gave itself a huge percentage of the licenses revenues (for non-MMP patents it claimed to own or control), allocating only a small fraction to MMP.

Patriot finally stirred to action, sued TPL and its subsidiary, and obtained injunctive relief to prevent future TPL over-reaching and mis-allocations.

Patriot representatives, and my lawyer and advisor, then met with TPL for months earlier this year. We were prepared to be generous. MMP remains a valuable licensing commodity, capable of generating revenues sufficient for all concerned.

Patriot advised me, repeatedly, that it would make no settlement with TPL that did not settle my claims against TPL as well.

TPL refused to settle.

Patriot and TPL have now settled, without making provision for my rights to licensing revenues from my patents.

The announced terms of settlement are troubling:

1. "Pursuant to the terms of the settlement agreement, TPL has agreed to have PDS allocate to the Company \$1,100,000 at the rate of five and ten percent of future distributions due to TPL as a member of PDS;"

As noted, I have a 55% interest in the one-half of MMP revenues that are being paid to TPL. Patriot is here not only allocating revenues due in part to me; it is assisting TPL in increasing the expenses that TPL uses to substantiate its argument that "off the top payments" come before monies due to me and to others, and that no revenues ever come down to the TPL bottom line for distribution to me.

2. "TPL has agreed to increased review and procedures by PDS and the Company on all MSD licensing;"

TPL is restricting its licensing efforts to hold down licensing revenues. There is no mention here of revenues or licensing targets that TPL must meet. Again, TPL has boxed itself into a financial corner, in which its revenues must stay low enough, and its expenses high enough, to avoid accountability to those looking to TPL for payments based on its revenues stream. Patriot here has consented to minimal revenues for the foreseeable future.

3. " the Company has agreed to have PDS pay TPL for certain litigation and reexamination support services at the rate of \$172,000 for June 2011, and \$86,000 per month thereafter until 60 days after the Markman hearing in the current patent infringement litigation;

A complete victory for TPL. Again, TPL now depends for survival on a low revenues, high expense environment. TPL has continually found ways to delay the "Markman hearing" to maximize expenses and charges against MMP revenues. Patriot here has agreed to further delays and increased expenses in the ongoing federal court litigation. That litigation should be promptly resolved, with the result in hand to secure increased MMP licensing revenues. TPL has been rewarded, again, for its delays, all at the expense of eventual MMP revenues.

4. "the parties have agreed to established guidelines and procedures relating to proposed license arrangements to be entered into by TPL involving the MSD Patents and one or more other patents within TPL's portfolio that is not an MSD Patent, and a procedure for allocating revenue between the MSD Patents and the non-MSD Patents, if needed."

My informed consent is a requirement to this modification of the three-party MMP Commercialization Agreement of 2005. I have not been informed. I do not consent. My demand letter on this subject will issue shortly.

I regret that Patriot has gone back on its word to me, settled behind my back, attempted to abridge and negate my contract rights, and consented to an agreement that assures minimal revenues from the MMP portfolio for months and years to come.

I will continue to pursue all remedies at my disposal.