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SGI transfers 3D graphics patents to MS

All your texture maps are belong to us

By **Andrew Orlowski in San Francisco** (andrew.orkowski@theregister.co.uk)

Posted in [Personal](#), 16th January 2002 18:04 GMT

Exclusive Silicon Graphics Inc has transferred much of its 3D graphics patents portfolio to Microsoft.

These form the heart of a mysterious transaction which showed up in SGI SECC filings last year, with Microsoft paying \$62.5 million for unspecified "intellectual property" rights to SGI.

SGI insisted at the time these are "non core" technologies, but sources close to the Mountain View are emphatic that these represent the bulk of SGI's 3D intellectual property assets, a view confirmed by documents disclosed to *The Register*.

The 3D graphics landscape is scarred with previous intellectual property litigation, and the Microsoft deal has its roots in an earlier settlement between SGI and NVidia. NVidia walked away bruised but with a license for key SGI technology. Unfortunately for the Xbox team, that didn't extend to NVidia's sublicensees and an eleventh-hour deal was brokered that allowed the Xbox launch to proceed on schedule.

So does the Redmond deal represent good value for SGI? Well, SGI has had console ambitions in the past: developing the N64 for Nintendo, but failed to follow through in those early efforts. SGI has since been supplanted in the newer generation of consoles and has even had to adopt the PC graphics products of erstwhile rival NVidia. SGI shareholders will doubtless welcome the cash.

Neither NVidia nor SGI wanted to comment on this article. SGI is in a quiet period pending its next quarterly results next week.

Own3d?

However Microsoft's acquisition of the patents has repercussions for not just the console business, but the future of the PC business, too. The question of who owns the platform was one of the fissures exposed during the Microsoft AntiTrust trial. According to memos released as part of the trial, and testimony from Intel VP Stephen McGeady (who's no longer with the company), The Beast won a showdown with Intel that obliged the 'Zilla to axe its NSP multimedia hardware project.

Microsoft isn't in the PC hardware business, and it's unlikely that the patents will change its technical strategy. But they do add significantly to its bargaining position with hardware vendors, giving Redmond important new leverage. Rival APIs, principally OpenGL, are kept alive through the support of graphics hardware vendors. And for a hardware partner, avoiding a lawsuit, or gaining a contract to work on future versions of Xbox, may well outweigh the advantages from continuing to support OpenGL.

Now that's an area that the three men in a boat - the proposed MS compliance body - might care to examine. We'll be watching. ®

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