CPRM FOR SD-BINDING LICENSE AGREEMENT

This CPRM for SD-Binding License Agreement ("Agreement") is effective as of _____ (the "SD-Binding Effective Date") by and between 4C Entity LLC, a Delaware limited liability company ("4C" or "Licensor"), the Founders and the "SD-Binding Adopter" named below:

Name of SD-Binding Adopter

_____

Description of SD-Binding Adopter's Business

_____

Name of SD-Binding Contact Person

_____

SD-Binding Contact Person's Phone No., Address, Fax No., E-mail address

_____

_____

Location of Principal Offices

_____

State or Country of Incorporation

_____

Year of Incorporation

_____

WITNESSETH:

WHEREAS, a group of companies identified below as the Founders has developed certain methods for encryption (including local encryption), decryption, and renewability for purposes of protecting certain digital content from unauthorized interception and copying, (collectively the "4C Technology"), which methods are described in the specifications entitled Content Protection for Recordable Media Specification: Introduction and Common Cryptographic Elements, C2 Block Cipher Specification, and other documents issued by 4C;

WHEREAS, the Founders have applied certain aspects of the 4C Technology for use in protecting content stored on SD Memory Cards (the "CPRM Technology for SD-Binding") to be used as described in the specifications entitled Content Protection for Recordable Media Specification: Introduction and Common Cryptographic Elements, SD Memory Card Book Common Part, SD Memory Card Book SD-Binding Part, and C2 Block Cipher Specification;

WHEREAS, the Founders have licensed aspects of the CPRM Technology for SD-Binding to Licensor and authorized Licensor to further license the CPRM Technology for SD-Binding and administer such licenses and whereas the Founders shall license certain patent claims directly to SD-Binding Adopter through this Agreement;

WHEREAS, SD-Binding Adopter has agreed to comply with all obligations set out herein;

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

Capitalized terms shall have the meanings set forth in this Section 1 or elsewhere in this Agreement.

1.1 "SD-Binding Adopter" means the entity named at the beginning of this Agreement that has entered this Agreement in order to use the CPRM Technology for SD-Binding to develop, evaluate and test Evaluation/Development SD-Binding Licensed Components and/or Evaluation/Development SD-Binding Licensed Products under Section 2.2 and/or to use the CPRM Technology for SD-Binding to manufacture, produce and sell Production/Sale SD-Binding Licensed Components and/or Production/Sale SD-Binding Licensed Products under Section 2.3, and shall include its Affiliates.

1.2 "CPRM for SD-Binding Adopter Agreement" means this Agreement and any other CPRM for SD-Binding License Agreement (including its SD-Binding Compliance Rules) and associated Fee Exhibits that include substantially similar licensing and covenant provisions and is called a CPRM for SD-Binding Adopter Agreement by 4C.

1.3 "Affiliate" means with respect to any person or entity, any other person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with such person or entity. "Control" means the possession of beneficial ownership of more than 50% of the stock or other similar interest entitled to vote for election of the Board of Directors or similar managing authority.

1.4 "SD-Binding Authorized Reseller" means an entity that is authorized to receive and/or redistribute Production/Sale SD-Binding Licensed Components in accordance with the 4C CPRM for SD-Binding Associate License Agreement for Resellers and this Agreement.

1.5 "Authorized Service" means a service that (a) offers Commercial Content for transmission, delivery or distribution either generally or on demand, to subscribers or purchasers of the public at large, or otherwise for commercial purposes, but not offered uniquely to an individual or a small private group, and (b) that is approved by the SD Card Association ("SDA") and has a then-valid "SDA ID for Service" issued by the SDA.

1.6 "Authorized Service Provider" means a person or entity providing an Authorized Service.

1.7   "<u>SD-Binding Authorized Use</u>" means such a use that is set out in Exhibit A of this Agreement, as may be amended from time to time.

1.8   "<u>Commercial Content</u>" means content such as audio, video, text, graphics, images, games, executables, MIDI or other data, which is (a) not created by the user of such content, and (b) offered for transmission, delivery or distribution either generally or on demand, to subscribers or purchasers of the public at large, or otherwise for commercial purposes, but not offered uniquely to an individual or a small private group, provided that any data that conveys information or instructions for the use of such content, and any information or data used for the purpose of encrypting or decrypting said content shall be considered Commercial Content. For avoidance of doubt, Commercial Content shall include secondary data for games or other executables. Notwithstanding anything to the contrary, Commercial Content shall expressly exclude any content that intrinsically has monetary, currency or financial value in itself (e.g., gift certificates, vouchers, discount coupons, etc.) or that is used for purposes of transactions that ordinarily are accompanied by payment of some monetary, currency or financial value (e.g., executable software programs involving credit card payment or e-commerce, etc.)

1.9   "<u>SD-Binding Compliance Rules</u>" means the technical requirements as applicable to each specific SD-Binding Authorized Use, set out in Exhibit D hereto and the SD-Binding Robustness Rules set out in Exhibit D hereto, as such exhibits may be amended from time to time in accordance with the terms of this Agreement.

1.10   "<u>SD-Binding Compliant Product</u>" refers to a product which is in compliance with all applicable SD-Binding Compliance Rules.

1.11   "<u>SD-Binding Confidential Information</u>" means x) any and all information relating to the CPRM Technology for SD-Binding or Licensor's or any Founder's business practices relating to the CPRM Technology for SD-Binding, made available to SD-Binding Adopter directly by 4C or its designees or representatives, or by any Fellow SD-Binding Adopter prior hereto or during the term of this Agreement, including, without limitation, specifications, software, hardware, firmware, documentation, designs, flow charts, technical data, outlines, blueprints, notes, drawings, prototypes, templates, systems, manuals, know-how, processes and methods of operation, trade secrets, business plans, strategies, concepts, research, data bases, client or customer lists, financial data, other data or information that relates to Licensor's or a Founder's past, present or future research, development or business activities, and any other sensitive material belonging to Licensor or any Founder, which y) is marked "confidential" when disclosed in written form or indicated as "confidential" when disclosed orally, and confirmed in writing within thirty days to be confidential, including, without limitation, Secret Constants, and Media Key Blocks provided, however, that Secret Constants and Media Key Blocks shall be treated as confidential regardless of whether or not they are marked "Confidential."

1.12   "SD-Binding Device Keys" are a cryptographic value used to decrypt portions of a Media Key Block in order to calculate a Media Key, as defined by the technical specifications contained in "CPRM Specification: Introduction and Common Cryptographic Elements" published by 4C Entity, LLC.

1.13   "SD-Binding Device Key Set" means SD-Binding Device Keys which are provided to SD-Binding Adopter by 4C or its designee for use in a specific device or set of devices.

1.14   "Evaluation/Development SD-Binding Licensed Components" means a component which is made under license from 4C for testing, evaluation or development purposes pursuant to Section 2.2, and which is designed to be and which is assembled into an Evaluation/Development SD-Binding Licensed Product or which is transferred or sold to a Fellow SD-Binding Adopter, consistent with Section 2.3.

1.15   "Evaluation/Development SD-Binding Device Keys" means such keys as are supplied pursuant to Section 2.2 by Licensor to allow a Licensee to evaluate, test and develop Evaluation/Development SD-Binding Licensed Components or Evaluation/Development SD-Binding Licensed Products according to the SD-Binding Specifications.

1.16   "Evaluation/Development SD-Binding Licensed Products" means a product incorporating Evaluation/Development SD-Binding Device Keys and/or Secret Constants made under License from 4C for testing, evaluation or development purposes pursuant to Section 2.2 or which is transferred or sold to a Fellow SD-Binding Adopter, pursuant to Section 2.3.

1.17   "SD-Binding Effective Date" means the date on which the Agreement is executed by both parties, provided that if the SD-Binding Adopter later elects to enter into a license not entered into upon the date on which the Agreement is executed by both parties, "SD-Binding Effective Date" with respect to that later license shall be the date on which such further election is made as to any provisions that are specific to the license that is later entered into.

1.18   "Fellow SD-Binding Adopter" means any Founders or any other entity which has executed a CPRM for SD-Binding Adopter Agreement, as a SD-Binding Adopter, with Licensor and Founders and shall include its Affiliates.

1.19   "Founders" means International Business Machines Corporation, Intel Corporation, Panasonic Corporation, and Toshiba Corporation.

1.20   "4C SD-Binding Reseller Agreement" means any 4C CPRM for SD-Binding Associate License Agreement for Resellers entered into by Licensor, Founders and SD-Binding Authorized Reseller.

1.21 "SD-Binding Highly Confidential Information" means (x) any and all information relating to the CPRM Technology for SD-Binding or Licensor's or any Founder's business practices relating to the CPRM Technology for SD-Binding, made available to SD-Binding Adopter directly by 4C or its designees or representatives, or by any Fellow SD-Binding Adopter prior hereto or during the term of this Agreement, including, without limitation, specifications, software, hardware, firmware, documentation, designs, flow charts, technical data, outlines, blueprints, notes, drawings, prototypes, templates, systems, manuals, know-how, processes and methods of operation, trade secrets, business plans, strategies, concepts, research, data bases, client or customer lists, financial data, other data or information that relates to Licensor's or a Founder's past, present or future research, development or business activities, and any other sensitive material belonging to Licensor or any Founder, which (y) is marked "SD-Binding Highly Confidential Information" when disclosed in written form or indicated as "Highly Confidential" when disclosed orally and confirmed in writing within thirty days to be Highly Confidential, including without limitation, SD-Binding Device Keys, provided, however, that Device Keys shall be treated as "Highly Confidential" regardless of whether or not they are marked "Highly Confidential."

1.22 "SD-Binding Participating Device" means a device or software application (or other software component) subject to a license from 4C, which is a SD-Binding Compliant Product.

1.23 "Production/Sale SD-Binding Licensed Component" means a component, such as an integrated circuit, circuit board, or software module which is manufactured under license from 4C pursuant to Section 2.3, which is designed solely to be and which is assembled into a Production/Sale SD-Binding Licensed Product, or is sold or otherwise distributed to an SD-Binding Authorized Reseller solely for resale and/or distribution in accordance with the terms of the 4C CPRM for SD-Binding Associate License Agreement for Resellers and this Agreement, and which embodies a portion of the SD-Binding Specification, but which does not by itself completely satisfy the SD-Binding Compliance Rules.

1.24 "Production/Sale SD-Binding Licensed Products" means a product, including without limitation products such as mobile telephones, audio players and recorders whether they are consumer electronic products or software, which is manufactured under license from 4C pursuant to Section 2.3 with respect to which all of the statements in 1.24.1-1.24.4 are true.

1.24.1 the CPRM Technology for SD-Binding is used in such product in an SD-Binding Authorized Use listed on Exhibit A to this Agreement,

1.24.2 the product embodies and complies with the designs set out in the SD-Binding Specifications,

1.24.3 the product is a SD-Binding Compliant Product, and

1.24.4 the product is designed for the display, processing, playback, storage, computing, use, transmission, communication, execution and/or recording of Commercial Content, in accordance with one (1) or more Authorized Services, and rules, if any, set forth by the applicable Authorized Service Provider.

1.25 "Media Key Block" or "MKB" means the encrypted block of keys which is defined by the technical specifications contained in "CPRM Specification: Introduction and Common Cryptographic Elements" published by 4C Entity, LLC.

1.26 "SD-Binding Necessary Claims" means those claims of patents or patent applications, under which, any Founder, SD-Binding Adopter or any Fellow SD-Binding Adopter has the right, at any time during the term of this Agreement to grant licenses within the bounds of the scope of use of SD-Binding set forth in Section 2.4 of this Agreement that are necessarily infringed only by those portions of Evaluation/Development SD-Binding Licensed Products, Evaluation/Development SD-Binding Licensed Components, Production/Sale SD-Binding Licensed Products and Production/Sale SD-Binding Licensed Components which implement the CPRM Technology for SD-Binding solely to the extent disclosed with particularity in the SD-Binding Specifications. Notwithstanding anything else in this Agreement, "SD-Binding Necessary Claims" shall not include any claims relating to aspects of any technology (even if disclosed with particularity), standard or product that is an Optional part of the SD-Binding Specifications or is not itself part of the CPRM Technology for SD-Binding, including: (1) claims relating to other copy protection, compression, encoding or decoding ability (even though such technology, standard or product may otherwise be mentioned or required by the SD-Binding Specifications) or to tamper resistance technology; (2) claims which could be practiced in an implementation of an Evaluation/Development SD-Binding Licensed Product, Evaluation/Development SD-Binding Licensed Component, Production/Sale SD-Binding Licensed Product or Production/Sale SD-Binding Licensed Component in compliance with the SD-Binding Specifications where an alternative implementation exists that would not infringe such claim (even if in the same patent as SD-Binding Necessary Claims); (3) claims that read solely on any implementations of any portion of the SD-Binding Specifications that are not within the bounds of the scope of use of SD-Binding set forth in Section 2.4;; or (4) claims which, if licensed, would require a payment of royalties by the licensor to unaffiliated third parties.

1.27 "Optional" means, with reference to the SD-Binding Specifications, any part of such SD-Binding Specifications specifically identified as "Optional."

1.28 "Party" means a party to this Agreement.

1.29 "SD-Binding Robustness Rules" means the requirements set out in Exhibit D hereto, as such exhibit may be amended by 4C pursuant to a Founder's Authorization from time to time.

1.30   "Secret Constant" means the value used as part of internal calculations of the C2 Block Cipher, as defined by the technical specifications contained in the "C2 Block Cipher Specification" published by 4C Entity, LLC.

1.31   "SD-Binding Specifications" means collectively the specifications entitled "Content Protection for Recordable Media Specification: Introduction and Common Cryptographic Elements," "SD Memory Card Book Common Part," "SD Memory Card Book SD-Binding Part" and "C2 Block Cipher Specification," as may be amended from time to time.

2.   LICENSES GRANTED

2.1   Generally. Subject to the provisions below, SD-Binding Adopter may enter into the SD-Binding Evaluation/Development License set forth in Section 2.2, the SD-Binding Production/Sale License set forth in Section 2.3, or both. SD-Binding Adopter shall elect either or both of the licenses by their selection under Section 10.11.1 or Section 10.11.2 upon execution of this Agreement, and by payment of the appropriate fees per Exhibits B and C. SD-Binding Adopter electing one license upon execution may enter a second license by submitting a revised election under Section 10.11.1 or Section 10.11.2, and by payment of the appropriate fees per Exhibits B and C. SD-Binding Adopter's license rights under this Agreement are expressly limited to those set forth in Section 2.2 and/or Section 2.3 as elected. As used in this Agreement, "SD-Binding Adopter" refers to a SD-Binding Adopter licensed under Section 2.2 or 2.3. To the extent that a provision of the Agreement is applicable to a SD-Binding Adopter licensed only under Section 2.2 or Section 2.3, such applicability is specifically indicated in the relevant provision.

2.2   SD-Binding Evaluation/Development License. Upon execution of this Agreement, including an election under Section 10.11.1 and subject to SD-Binding Adopter's compliance with all of the terms and conditions of this Agreement, (excluding Sections 5.3, 8.5-8.10 and 9), including, but not limited to, payment of all fees required hereunder and compliance with the scope of use of SD-Binding set forth in Section 2.4, each Founder (or its Affiliate which has the right to sublicense the SD-Binding Necessary Claims) grants to SD-Binding Adopter and SD-Binding Adopter accepts from each Founder (or such Affiliate) (in accordance with the terms and provisions of Section 6) a nonexclusive, nontransferable, nonsublicensable, revocable, worldwide license under the SD-Binding Necessary Claims of such Founders and Licensor grants to SD-Binding Adopter and SD-Binding Adopter accepts from Licensor a nonexclusive, nontransferable, non-sublicensable, revocable, worldwide license under those trade secrets and copyrights embodied in the SD-Binding Specifications to use Evaluation/Development SD-Binding Device Keys and Secret Constants to make (including designing or developing), have made (including have designed or have developed by third parties for the sole account of the SD-Binding Adopter, subject to Section 5.2.2), use, reproduce or modify Evaluation/Development SD-Binding Licensed Components and Evaluation/Development SD-Binding

Licensed Products solely for the purpose of evaluation, testing or development by SD-Binding Adopter licensed under Section 2.2; provided that such license granted in Section 2.2 shall not extend to SD-Binding Adopter if SD-Binding Adopter is in violation of Section 2.7. If SD-Binding Adopter wishes to make, have made (by third parties on a subcontract basis for the sole account of the SD-Binding Adopter, consistent with Sections 5.2.2 and 5.3.2), use, offer to sell, sell, import, reproduce, modify, distribute, display, perform or otherwise transfer Production/Sale SD-Binding Licensed Products or Production/Sale SD-Binding Licensed Components incorporating CPRM Technology for SD-Binding, or to transfer prototype or sample Production/Sale SD-Binding Licensed Products and/or Production/Sale SD-Binding Licensed Components incorporating CPRM Technology for SD-Binding to prospective customers or retained test companies, it shall do so only as a SD-Binding Adopter licensed under Section 2.3 and then only in compliance with the SD-Binding Production/Sale License requirements specified in Section 2.3.

2.3   <u>SD-Binding Production/Sale License</u>. Upon execution of this Agreement, including an election under Section 10.11.2 and subject to SD-Binding Adopter's compliance with all of the terms and conditions of this Agreement including, but not limited to, payment of all fees required hereunder and the scope of use of SD-Binding set forth in Section 2.4, each Founder (or its Affiliate which has the right to sublicense the SD-Binding Necessary Claims) grants to SD-Binding Adopter and SD-Binding Adopter accepts from each Founder (or such Affiliate) (in accordance with the terms and provisions of Section 6) a nonexclusive, nontransferable, nonsublicensable, revocable worldwide license under the SD-Binding Necessary Claims of such Founders and Licensor grants to SD-Binding Adopter and SD-Binding Adopter accepts from Licensor a nonexclusive, nontransferable, nonsublicensable, revocable, worldwide license under those trade secrets and copyrights embodied in the SD-Binding Specifications:

(a)   to use the CPRM Technology for SD-Binding to make (including designing and developing), have made (including have designed and have developed by third parties for the sole account of the SD-Binding Adopter, subject to Sections 5.2.2 and 5.3.2), use, offer to sell, sell, import, reproduce, modify, distribute, display, perform or otherwise transfer Production/Sale SD-Binding Licensed Products and/or Production/Sale SD-Binding Licensed Components; provided that Production/Sale SD-Binding Licensed Components shall only be sold or transferred to Fellow SD-Binding Adopters for incorporation into Production/Sale SD-Binding Licensed Products or to SD-Binding Authorized Resellers to be identified by Licensor pursuant to Section 5.8 solely for resale and/or redistribution in accordance with the terms and conditions of the 4C CPRM for SD-Binding Associate License Agreement for Resellers and this Agreement. The right of a SD-Binding Adopter to have made SD-Binding Production/Sale Licensed SD-Binding Components and Production/Sale SD-Binding Licensed Products shall include the right to have SD-Binding Adopters licensed under Section 2.2 develop and design

Evaluation/Development SD-Binding Licensed Components and Evaluation/Development SD-Binding Licensed Products, for the sole account of the SD-Binding Adopter consistent with the licenses granted under this Section 2.3(a).

(b)   to transfer prototype or sample Production/Sale SD-Binding Licensed Products and/or Production/Sale SD-Binding Licensed Components incorporating CPRM Technology for SD-Binding to prospective customers or retained test companies, in each case solely for evaluation in contemplation of purchase of such Production/Sale SD-Binding Licensed Product and/or Production/Sale SD-Binding Licensed Components or performance of specified testing of such Production/Sale SD-Binding Licensed Product and/or Production/Sale SD-Binding Licensed Components, as applicable, and to provide related technical information necessary for the evaluation or testing purposes, as applicable, provided, however, that any disclosure of SD-Binding Confidential Information or SD-Binding Highly Confidential Information shall be made only pursuant to a written agreement providing at least equivalent protections as are provided in this Agreement;

provided that such license granted in Section 2.3, shall not extend to SD-Binding Adopter if SD-Binding Adopter is in violation of Section 2.7.

2.4   <u>Scope of Use of SD-Binding</u>. The licenses under Sections 2.2 and 2.3 shall extend only for the use of CPRM Technology for SD-Binding for the protection of Commercial Content in compliance with the rules set forth in the SD-Binding Compliance Rules applicable to those portions of Evaluation/Development SD-Binding Licensed Products, Evaluation/Development SD-Binding Licensed Components, Production/Sale SD-Binding Licensed Products and/or Production/Sale SD-Binding Licensed Components which implement the CPRM Technology for SD-Binding solely to the extent disclosed with particularity in the SD-Binding Specifications and limited to the SD-Binding Authorized Uses set forth in Exhibit A; and exclude the use of CPRM Technology for SD-Binding in any portion of any product and any combinations thereof, the sole purpose or function of which is not required in order to be a SD-Binding Compliant Product. With respect to Production/Sale SD-Binding Licensed Components, the licenses granted under Section 2.3 shall extend only to Production/Sale SD-Binding Licensed Components that are sold or transferred to a Fellow SD-Binding Adopter for incorporation into Production/Sale SD-Binding Licensed Products or that are sold or transferred to a SD-Binding Authorized Reseller to be identified by Licensor pursuant to Section 5.8 solely for resale and/or redistribution in accordance with the terms and conditions of the 4C CPRM for SD-Binding Associate License Agreement for Resellers and this Agreement.

2.5   Notwithstanding anything else in this Agreement, the licenses granted under this Section 2 exclude (1) applications, application programming interfaces and user interfaces, including the technology used to generate, display or interact with a

user, (2) data embedding and content formats (other than as described with particularity in the SD-Binding Specifications), (3) tamper resistance technology; (4) aspects of any technology, codec, standard or product not disclosed with particularity in the SD-Binding Specifications or that are Optional under the SD-Binding Specifications; even though such technology, codec, standard, or product may be mentioned in, or required by the SD-Binding Specifications or SD-Binding Compliance Rules; and (5) claims relating to watermarking technology, semiconductors and semiconductor manufacturing technology, compiler technology, programming languages and object-oriented technology, operating system, middleware and database technology, networking, intranet, extranet, and Internet technology.

2.6   Proper Use. SD-Binding Adopter shall not use SD-Binding Confidential or SD-Binding Highly Confidential Information provided under this Agreement, nor produce or sell devices or software under color of this Agreement, where such devices or software are designed or may be used to circumvent the requirements or effectiveness of the SD-Binding Specifications.

2.7   Reciprocal Non Assertion Covenant. SD-Binding Adopter, on behalf of itself and its Affiliates, promises not to assert or maintain against Founders, Licensor, Fellow SD-Binding Adopters and Affiliates thereof or any vendor, distributor, purchaser or other person in the chain of distribution, and accepts Fellow SD-Binding Adopters' promise not to assert or maintain any claim of infringement under SD-Binding Adopters' and Affiliates' respective SD-Binding Necessary Claims, as well as under any trade secrets or copyrights in the SD-Binding Specifications for the evaluation, testing, development, design, manufacture (including having third parties manufacture on a subcontract basis for the sole account of Founder, Licensor, Fellow SD-Binding Adopter or Affiliate thereof), use, reproduction, modification, distribution, display, performance, sale, offer to sell and import or other transfer of Evaluation/Development SD-Binding Licensed Products, Evaluation/Development SD-Binding Licensed Components, Production/Sale SD-Binding Licensed Products and Production/Sale SD-Binding Licensed Components provided that such promise only applies to those portions of such Evaluation/Development SD-Binding Licensed Products, Evaluation/Development SD-Binding Licensed Components, Production/Sale SD-Binding Licensed Products or Production/Sale SD-Binding Licensed Components which are required for compliance with the SD-Binding Specifications and which cannot be implemented without infringing (but for this covenant) the SD-Binding Necessary Claims and/or the trade secrets or copyrights in the SD-Binding Specifications, and further provided that such promise does not extend to any person or entity which is asserting its SD-Binding Necessary Claims against the promissor, Founders, Licensor, Fellow SD-Binding Adopter and Affiliates thereof where the promissor is not in breach of its obligations under its CPRM for SD-Binding Adopter Agreement. This section applies whether another entity has become a Fellow SD-Binding Adopter before or after SD-Binding Adopter signs this Agreement.

2.8   Controlled Entities. SD-Binding Adopter licensed under Section 2.2 represents and warrants that it has or will have the authority to bind its Affiliates that evaluate, test and develop Evaluation/Development SD-Binding Licensed Components and/or Evaluation/Development SD-Binding Licensed Products pursuant to the terms of this Agreement. SD-Binding Adopter licensed under Section 2.3. represents and warrants that it has or will have the authority to bind its Affiliates that develop, design, manufacture, use, reproduce, modify, distribute, display, perform, sell, offer to sell, import, or otherwise transfer Production/Sale SD-Binding Licensed Products and/or Production/Sale SD-Binding Licensed Components pursuant to this Agreement to the terms of this Agreement.

3.   CHANGES

3.1   The SD-Binding Specifications and the SD-Binding Compliance Rules may be amended from time to time by 4C only in accordance with this Section 3.1. SD-Binding Adopter shall be required to comply with all amendments to the SD-Binding Compliance Rules or to the SD-Binding Specifications that do not require material modifications to product design or manufacturing processes within ninety (90) days after notification of the changes has been sent as specified herein or such longer period specified by 4C. SD-Binding Adopter shall be required to comply with all other amendments to the SD-Binding Compliance Rules or to the SD-Binding Specifications within eighteen (18) months after notification of the changes has been sent as specified herein. Changes to the Annual Administration Fees shall be permitted only as set out in Sections 4.1 and 4.2.

3.1.1   4C may make such changes to the SD-Binding Specifications as it deems necessary or appropriate until version 1.0 of the given SD-Binding Specification is released. After version 1.0 of the SD-Binding Specification has been released, 4C shall make no material changes to the SD-Binding Specification (including any changes that would expand the SD-Binding Specification to require the inclusion of new technical features not included in version 1.0 of the SD-Binding Specification or make Production/Sale SD-Binding Licensed Products manufactured prior to such changes incompatible with the new version of the SD-Binding Specification). Without limiting the foregoing, 4C reserves the right to map or port the SD-Binding Specifications to different technologies, correct any errors or omissions in the SD-Binding Specifications or to make changes that would clarify, but not materially amend, alter or expand the SD-Binding Specifications, from time to time.

3.1.2   Except as 4C may conclude is necessary to provide for content protection, 4C shall not make any revisions to the SD-Binding Compliance Rules that would materially increase the cost or complexity of implementations of Production/Sale SD-Binding Licensed Products. Without limiting the foregoing, 4C shall provide SD-Binding Adopters with at least thirty (30) days' notice of any material changes to the SD-Binding Compliance Rules.

4.   FEES

4.1   <u>Evaluation/Development Administration Fees</u>. Within thirty (30) days of the SD-Binding Effective Date, SD-Binding Adopter licensed under Section 2.2 shall pay 4C Evaluation/Development Administration Fees as set forth in the Fee Schedule attached as Exhibit B. SD-Binding Adopter shall not be entitled to any refund thereof for any reason. Upon each anniversary of the SD-Binding Effective Date (the "Annual Payment Date"), SD-Binding Adopter shall pay 4C the Annual Administration Fee for the following year which fee shall be used to offset the costs associated with the Licensor's administration of the Evaluation/Development SD-Binding Device Keys and Secret Constants. 4C may, upon at least thirty (30) days notice to SD-Binding Adopter, modify the Annual Administration Fee payable for the period beginning on the next Annual Payment Date, provided that any increase in such fees shall not exceed an amount commensurate with any increase in 4C's costs. Without limiting the foregoing, where costs per Fellow SD-Binding Adopter decrease, 4C shall use commercially reasonable efforts to reduce the Annual Administration Fee. SD-Binding Adopters licensed under Section 2.2 shall pay order fulfillment fees as set forth in the Fee Schedule attached as Exhibit B.

4.2   <u>Production/Sale Administration Fees</u>. Within thirty (30) days of the SD-Binding Effective Date, SD-Binding Adopter licensed under Section 2.3 shall pay 4C Production/Sale Administration Fees as set forth in the Fee Schedule attached as Exhibit C. SD-Binding Adopter shall not be entitled to any refund thereof for any reason. Upon each anniversary of the SD-Binding Effective Date (the "Annual Payment Date"), SD-Binding Adopter shall pay 4C the Annual Administration Fee for the following year which fee shall be used to offset the costs associated with the Licensor's administration of the CPRM Technology for SD-Binding. 4C may, upon at least thirty (30) days notice to SD-Binding Adopter, modify the Annual Administration Fee payable for the period beginning on the next Annual Payment Date, provided that any increase in such fees shall not exceed an amount commensurate with any increase in 4C's costs. Without limiting the foregoing, where costs per Fellow SD-Binding Adopter decrease, 4C shall use commercially reasonable good faith efforts to reduce the Annual Administration Fee.

4.3   <u>Unit Fees</u>. SD-Binding Adopters licensed under Section 2.3 shall pay per unit fees for each such order as set forth in the Fee Schedule attached as Exhibit C. 4C will supply a written invoice for such charges upon receiving SD-Binding Adopter's order in the form attached to the appropriate Fee Schedule and SD-Binding Adopter agrees to pay such invoice in advance of receiving any order. SD-Binding Adopter shall not be entitled to any refund thereof for any reason. 4C may, upon at least thirty (30) days notice to SD-Binding Adopter, modify the unit fee, provided that any increase in such fees shall not exceed an amount commensurate with any increase in 4C's costs. 4C shall have the right to audit SD-Binding Adopter's records for the sole purpose of determining the sufficiency of payments hereunder. Any such audit shall be conducted with commercially reasonable notice using commercially reasonable means.

4.4   Adjustment for Inflation. On December 31, 2004 and every third anniversary thereof, all of the fees set forth in this Section 4 shall be adjusted for inflation based on the change in the Producer Price Index from January three years prior thereto to December of the then current year. Licensor will make the adjustment effective on April 15 of the following year.

5.   **CONFIDENTIALITY/EXPORT**

5.1   Permitted Use. SD-Binding Adopter licensed under Section 2.2 and/or Section 2.3 shall use SD-Binding Confidential Information (and tangible embodiments of any of the foregoing) only in accordance with the terms of this Agreement, and shall not use such information or any mentally-retained recollections thereof to circumvent or copy the methods disclosed in SD-Binding Confidential Information or to circumvent any obligations under this Agreement. SD-Binding Adopters licensed under Section 2.3 shall use SD-Binding Highly Confidential Information (and tangible embodiments of any of the foregoing) only in accordance with the terms of this Agreement and shall not use such information or any mentally retained recollection thereof to circumvent or copy the methods disclosed in SD-Binding Highly Confidential Information or to circumvent any obligation under this Agreement. With the exception of SD-Binding Confidential Information, SD-Binding Highly Confidential Information, SD-Binding Adopter may otherwise use and disclose in its business the increased or enhanced knowledge retained in the unaided memories (that is, without current use of the SD-Binding Confidential or SD-Binding Highly Confidential Information recorded in any tangible form) of its directors, employees, agents or contractors as a result of their exposure to the SD-Binding Confidential Information or SD-Binding Highly Confidential Information. No recipient of SD-Binding Confidential Information or SD-Binding Highly Confidential Information shall: (i) intentionally memorize the SD-Binding Confidential Information or SD-Binding Highly Confidential Information so as to reduce it to an intangible form for the purpose of creating a residual or using the same: or (ii) avoid its obligation to maintain the confidentiality of the SD-Binding Confidential Information or Highly SD-Binding Confidential Information merely by having a person commit such item to memory so as to reduce it to intangible form. No party shall have any rights in any business endeavors of any other party that may use such knowledge and experience nor any right to compensation related to an SD-Binding Adopter's use of such knowledge and experience.

5.2   SD-Binding Confidential Information. SD-Binding Adopter shall maintain the confidentiality of SD-Binding Confidential Information in the following manner:

5.2.1   SD-Binding Adopter shall employ procedures for safeguarding SD-Binding Confidential Information at least as rigorous as SD-Binding Adopter would employ for its own Confidential Information, but no less than a reasonable degree of care.

5.2.2 SD-Binding Adopter may disclose SD-Binding Confidential Information to (1) regular full-time and/or part-time employees (with the exception of short-term employees including by way of example and not of limitation employees such as interns, seasonal and temporary employees), and individuals retained as independent contractors who have a reasonable need to know such SD-Binding Confidential Information in order to allow SD-Binding Adopter to implement the CPRM Technology for SD-Binding in compliance with the SD-Binding Specification and who have executed a nondisclosure agreement sufficient to protect the SD-Binding Confidential Information in accordance with the terms of this Agreement; (2) other SD-Binding Adopters who are subject to a nondisclosure agreement sufficient to protect the SD-Binding Confidential Information in accordance with the terms of this Agreement; (3) SD-Binding Adopter's attorneys, auditors or other agents who have a reasonable need to know the SD-Binding Confidential Information and who owe SD-Binding Adopter a duty of confidentiality sufficient to prevent the disclosure of such SD-Binding Confidential Information. SD-Binding Adopter may disclose SD-Binding Confidential Information to third parties who make, for the sole account of the SD-Binding Adopter, Evaluation/Development SD-Binding Licensed Components, Evaluation/Development SD-Binding Licensed Products, Production/Sale SD-Binding Licensed Products and Production/Sale SD-Binding Licensed Components, provided that the SD-Binding Adopter shall remain responsible for the maintenance of the confidentiality of the SD-Binding Confidential Information provided to such third parties and shall execute a nondisclosure agreement with such third parties sufficient to protect the SD-Binding Confidential Information in accordance with the terms of this Agreement.

5.3 <u>SD-Binding Highly Confidential Information</u>. An SD-Binding Adopter licensed under Section 2.3 shall maintain the confidentiality of SD-Binding Highly Confidential Information in the following manner:

5.3.1 Such SD-Binding Adopter shall employ procedures for safeguarding SD-Binding Highly Confidential Information at least as rigorous as the SD-Binding Adopter would employ for its own most highly confidential information, such procedures to include, at a minimum: (1) maintaining on the SD-Binding Adopter's premises a secure location in which any and all SD-Binding Highly Confidential Information shall be stored, where such a location may include electronic storage that is at least as secure with respect to the SD-Binding Highly Confidential Information as the CPRM Technology for SD-Binding is with respect to the protection of digital content; (2) that any SD-Binding Highly Confidential Information stored in such a location shall be accessible only by Authorized Employees (as defined below); (3) that (x) where SD-Binding Highly Confidential Information is stored in a location that is physically secure, Authorized Employees visiting such location shall sign in and out each time that they visit such location; and (y) where SD-Binding Highly Confidential

Information is stored securely in an electronic form, Authorized Employees having access to such SD-Binding Highly Confidential Information shall sign in and out each time that they have such access; and (4) when SD-Binding Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location or shall be stored electronically in a form that is at least as secure with respect to the SD-Binding Highly Confidential Information as the CPRM Technology for SD-Binding is with respect to protection of digital content.

5.3.2   Such SD-Binding Adopter may disseminate SD-Binding Highly Confidential Information only to the strictest minimum possible number of regular full-time or part-time employees (with the exception of short-term employees including by way of example and not of limitation employees such as interns, seasonal and temporary employees) of SD-Binding Adopter: (1) who have an absolute need to know such SD-Binding Highly Confidential Information in order to enable SD-Binding Adopter to implement the CPRM Technology for SD-Binding in compliance with the SD-Binding Specification; (2) who are bound in writing by obligations of confidentiality sufficient to protect the SD-Binding Highly Confidential Information in accordance with the terms of this Agreement; and (3) who, prior to the disclosure of such SD-Binding Highly Confidential Information, have: (x) been identified in writing by SD-Binding Adopter to 4C; and (y) read and execute the acknowledgment attached as Exhibit E hereto (the original of such executed acknowledgment to be sent to 4C) ("Authorized Employee"). SD-Binding Adopter shall cause Authorized Employees to abide by their obligations hereunder and shall use the same efforts to enforce the confidentiality obligations of each Authorized Employee during and after the termination of his/her employment as SD-Binding Adopter uses to enforce with respect to SD-Binding Adopter's own similarly confidential information, provided that SD-Binding Adopter shall not use less than reasonable efforts in such enforcement. SD-Binding Adopter shall make reasonable efforts to assist 4C in relation to any claim, action, suit, proceeding, or litigation with respect to the access of SD-Binding Adopter's former employee to information provided under this Section 5. Notwithstanding any contrary provision, SD-Binding Adopter shall not disseminate any SD-Binding Highly Confidential Information to more than three (3) Authorized Employees ("Key Employees") unless SD-Binding Adopter has notified 4C in advance of its intention to increase the number of Key Employees to an additional increment of up to three (3) such employees. SD-Binding Adopter may make such notifications of additional increments of Key Employees without limit, but in doing so shall abide by the terms of clauses (1), (2), and (3), above. SD-Binding Adopter may substitute another employee for a Key Employee only in the event of death, permanent or long-term disability or resignation or termination of employment of an existing Key Employee or reassignment of an existing Key Employee to a substantially different business unit that is not involved in the development, manufacture, or sale of products

incorporating the CPRM Technology for SD-Binding. SD-Binding Adopter shall inform 4C in writing prior to the substitution or addition of any Key Employee. SD-Binding Adopter may also disclose SD-Binding Highly Confidential Information to an employee of another SD-Binding Adopter that has entered into an SD-Binding Adopter Agreement, where such other company is authorized to possess such SD-Binding Highly Confidential Information and where the employee to whom disclosure is made is a Key Employee for such other company. Prior to any disclosure pursuant to the preceding sentence, SD-Binding Adopter must assure itself that such other company is, in fact, authorized to possess the SD-Binding Highly Confidential Information to be disclosed, that the employee to whom such disclosure is to be made is entitled to possess the SD-Binding Highly Confidential Information to be disclosed, and that the method to be used to disclose SD-Binding Highly Confidential Information is as secure as the methods used by 4C to disclose the same information to the SD-Binding Adopter. SD-Binding Adopter may rely on a written representation from such other company, attesting that such company is authorized to possess the SD-Binding Highly Confidential Information and that the employee to whom the disclosure is to be made is entitled to possess the SD-Binding Highly Confidential Information disclosed, provided SD-Binding Adopter does not know or have reason to know that the other company is not authorized to possess the SD-Binding Highly Confidential Information. SD-Binding Adopter may disclose SD-Binding Highly Confidential Information to third parties with whom SD-Binding Adopter has contracted to manufacture for the sole account of the SD-Binding Adopter, provided that the SD-Binding Adopter shall remain responsible for maintaining the confidentiality of the SD-Binding Highly Confidential Information provided to such third parties and provided that SD-Binding Adopter has executed a nondisclosure agreement with such third parties sufficient to protect the SD-Binding Highly Confidential Information in accordance with the terms of this Agreement.

5.4   Copies of SD-Binding Highly Confidential and SD-Binding Confidential Information. SD-Binding Adopter shall not make any copies of any document containing SD-Binding Highly Confidential Information and/or SD-Binding Confidential Information except when required for use by different business units manufacturing SD-Binding Compliant Products located in different facilities. In the event such information is required for use by such diversely located business units, SD-Binding Adopter may make one (1) copy of such documents for each affected business unit and each of the requirements and obligations of this Article will apply individually to each such business unit. SD-Binding Adopter shall notify Licensor in writing if such additional copies are made. SD-Binding Adopter may request that 4C provide SD-Binding Adopter with additional copies of Confidential and/or Highly Confidential documents for a fee of $500 per additional copy, such fee to be submitted to 4C with each request. 4C may, in its sole discretion, fulfill any such request, provided that 4C shall not unreasonably refuse to provide requested additional copies.

5.5   SD-Binding Contact Person and Provision of 4C Information. SD-Binding Adopter shall designate a single Authorized Employee who shall receive all SD-Binding Confidential Information and/or SD-Binding Highly Confidential Information (the "SD-Binding Adopter Contact") disclosed by Licensor and may designate a single alternative Authorized Employee ("Alternate SD-Binding Adopter Contact") who shall be entitled to receive such SD-Binding Confidential Information and/or SD-Binding Highly Confidential Information in the event that SD-Binding Adopter Contact is absent at the time such information is to be provided. Prior to the provision of any SD-Binding Confidential Information and/or SD-Binding Highly Confidential Information to the SD-Binding Adopter Contact or Alternate SD-Binding Adopter Contact, such SD-Binding Adopter Contact or Alternate SD-Binding Adopter Contact shall have complied with all of his/her obligations under Sections 5.2 and 5.3. Additional SD-Binding Adopter contacts may be authorized by Licensor, subject to additional fees and security requirements.

5.6   Notification of Unauthorized Use or Disclosure. SD-Binding Adopter shall notify Licensor in writing promptly upon discovery of any unauthorized use or disclosure of SD-Binding Confidential Information and/or SD-Binding Highly Confidential Information, and will cooperate with Licensor and the Founders in every reasonable way to regain possession of such information and to prevent its further unauthorized use or disclosure.

5.7   Disclosure of SD-Binding Adopter Status. Licensor shall have the right to disclose to third parties the fact that SD-Binding Adopter licensed under Section 2.3 has obtained a license to implement the CPRM Technology for SD-Binding and shall publish a list of SD-Binding Adopters at least once per quarter. Upon Adopter's timely written request to Licensor, Licensor shall maintain the fact that Adopter has obtained a license to implement the CPRM Technology for SD-Binding confidential until such time that SD-Binding Adopter licensed under such Section 2.3 has publicly announced that it intends to manufacture a Production/Sale SD-Binding Licensed Product or Production/Sale SD-Binding Licensed Component or has begun marketing such a product, whichever is earliest. In the event that SD-Binding Adopter licensed under Section 2.3 exercises this option, such SD-Binding Adopter shall promptly notify Licensor when it has publicly announced its product plans or begins marketing a Production/Sale SD-Binding Licensed Product or Production/Sale SD-Binding Licensed Component.

5.8   Disclosure of SD-Binding Authorized Resellers. Licensor shall publish a list at least once per quarter identifying SD-Binding Authorized Resellers eligible to receive Production/Sale SD-Binding Licensed Components. SD-Binding Adopter licensed under Section shall check this list and/or consult with Licensor to determine whether sale or other distribution of Production/Sale SD-Binding Licensed Components pursuant to § 2.3(a) of this Agreement is authorized prior to distributing Production/Sale SD-Binding Licensed Components to any entity.

5.9   Disclosure Required By Law. In the event SD-Binding Adopter is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose SD-Binding Confidential Information and/or SD-Binding Highly Confidential Information, (1) SD-Binding Adopter shall take reasonable steps to notify the Licensor prior to disclosure, or (2) where notice to the Licensor prior to disclosure is not reasonably possible, SD-Binding Adopter shall take reasonable steps to challenge or restrict the scope of such required disclosure and notify the Licensor as soon as possible thereafter. In either case, SD-Binding Adopter shall take reasonable steps to seek to maintain the confidentiality of the information required to be disclosed and to cooperate with Licensor in any effort undertaken by Licensor to challenge the scope of such required disclosure.

5.10   Confidentiality Exceptions. The confidentiality restrictions also shall not apply to SD-Binding Highly Confidential Information and/or SD-Binding Confidential Information which SD-Binding Adopter can demonstrate (1) is or has been developed by SD-Binding Adopter's employees without having access, to such information (including translations, derivations or abstractions of such information) and without breach of this Agreement; (2) is or has been disclosed to SD-Binding Adopter, without obligation of confidentiality, by a third party who has developed such information without any direct or indirect access to (including retained mental impressions/recollections) such information and without any breach of such third party's obligations to Licensor, Founders, SD-Binding Adopters, or a Fellow SD-Binding Adopter; (3) at the time of its disclosure by Licensor to SD-Binding Adopter, was already in its possession without obligation of confidence; or (4) was disclosed by Licensor to another party without obligation of confidentiality.

5.11   Confidentiality Period. The confidentiality obligations set forth in Section 5.2 shall be in effect during the term of this Agreement and shall continue thereafter until five (5) years after termination of this Agreement. The confidentiality obligations set forth in Section 5.3 shall be in effect during the term of this Agreement and shall continue thereafter until the later of (1) three (3) years after the last commercial use by Licensor or any licensee of 4C, of the 4C Technology , or (2) the expiration of the last copyright related to any 4C Technology encrypted/scrambled content which then exists in any country adhering to the Agreement on Trade Related Aspects of Intellectual Property Rights of the World Trade Organization dated April 15, 1994. Provided that such confidentiality obligations shall not apply to SD-Binding Device Keys that been Expired in accordance with the Expiration procedures contained in this Agreement.

5.12   Reverse Engineering. Under no circumstances shall SD-Binding Adopter reverse engineer, reverse translate, decompile, disassemble, or otherwise seek to determine the operation of any element of SD-Binding Highly Confidential or SD-Binding Confidential Information or allow another to do so. SD-Binding Adopter may, to the minimum extent necessary to test, debug, integrate or tune its own Evaluation/Development SD-Binding Licensed Component, Evaluation/Development SD-Binding Licensed Product, Production/Sale SD-

Binding Licensed Product or Production/Sale SD-Binding Licensed Components to ensure that they work in their intended operational environment with other Evaluation/Development SD-Binding Licensed Component, Evaluation/Development SD-Binding Licensed Product, Production/Sale SD-Binding Licensed Products or Production/Sale SD-Binding Licensed Components conduct compliance or electrical analyses with respect to the operation of other SD-Binding Compliant Products that form part of such intended operational environment.

5.13 <u>Export</u>. SD-Binding Adopter shall comply with all applicable laws and regulations of the United States, Japan and other countries and jurisdictions relating to the export or re-export of commodities, software, and technical data insofar as they relate to activities under this Agreement, and shall obtain any approval required under such laws and regulations whenever it is necessary for such export or re-export. SD-Binding Adopter agrees and understands that commodities, software and technical data provided under this Agreement may be subject to restrictions under the export control laws of the United States, Japan and other countries and jurisdictions, as applicable, including but not limited to the US Export Administration Act, the US Export Administration Regulations, and the Japanese Foreign Exchange and Foreign Trade Law, and shall obtain any approval required under such laws and regulations whenever it is necessary for such export or re-export.

5.14 <u>Treatment</u>. Any materials marked "Confidential" or "Highly Confidential" shall be deemed "Confidential" or "Highly Confidential" (as the case may be) under this Agreement.

6. TERM/TERMINATION

6.1 <u>Termination</u>. This Agreement shall commence upon the SD-Binding Effective Date and shall continue until terminated in accordance with any of the following events:

6.1.1 SD-Binding Evaluation/Development license. The SD-Binding Evaluation/Development license granted under Section 2.2 shall terminate ("Evaluation/Development Termination") two years after the SD-Binding Effective Date, unless SD-Binding Adopter has activated the SD-Binding Production/Sale License consistent with Section 2.3. Within thirty (30) days of Evaluation/Development Termination, SD-Binding Adopter shall return all Evaluation/Development SD-Binding Device Keys and Secret Constants and/or if so requested by 4C, shall within thirty (30) days of such request cause all Evaluation/Development SD-Binding Device Keys and Secret Constants to be destroyed, disabled or otherwise deactivated. SD-Binding Adopter shall promptly provide to 4C a written certification signed by an officer or senior official of SD-Binding Adopter's company, subsidiary or division that all Evaluation/Development SD-Binding Device Keys and Secret Constants have been returned, destroyed, disabled or otherwise deactivated, as the case may be.

6.1.2   Initial Term, Termination by Licensor and Renewal. This Agreement shall terminate ten (10) years after the Effective Date ("Initial Term"). At any time after the completion of the fifth (5th) year anniversary of the Effective Date during the Initial Term, Licensor may terminate this Agreement upon at least one hundred and eighty (180) days prior written notice to SD-Binding Adopter of Licensor's intention to terminate the Agreement ("Termination Notice Period"). If such notice is provided, then the Agreement will terminate at the end of the Termination Notice Period. Upon the expiration of the Initial Term, the Agreement shall automatically renew for successive one (1) year periods (each a "Renewal Term", and collectively with the Initial Term, the "Term") unless either (a) SD-Binding Adopter provides at least thirty (30) days' written notice to Licensor; or (b) Licensor provides at least one hundred and eighty (180) days' notice to SD-Binding Adopter, in either event in accordance with the terms of the Agreement, of its intention not to renew the Agreement for a subsequent Renewal Term.

6.1.3   Termination by SD-Binding Adopter. SD-Binding Adopter shall have the right to terminate this Agreement at any time upon ninety (90) days prior written notice to Licensor and Founders.

6.1.4   SD-Binding Necessary Claim. Licensor may terminate the license(s) granted to SD-Binding Adopter immediately if SD-Binding Adopter asserts against Licensor, a Founder or any Fellow SD-Binding Adopter a SD-Binding Necessary Claim.

6.1.5   Breach. Licensor may terminate this Agreement and Founders may terminate any license to SD-Binding Necessary Claims for any material breach by SD-Binding Adopter, and SD-Binding Adopter may terminate this Agreement for any material breach by Licensor or Founders, by providing timely written notice to the other parties and an opportunity to cure the breach. If the breach is not fully cured within thirty (30) days of receiving such notice the Agreement may be terminated.

6.1.6   Avoidance of Legal Liability. Licensor may terminate this Agreement and Founders may terminate any licenses to SD-Binding Necessary Claims and/or convert such licenses to reciprocal covenants not to assert SD-Binding Necessary Claims in the event Licensor and/or Founders determine it is necessary to do so to avoid potential legal liability for Licensor, Founders or SD-Binding Adopters by providing thirty (30) days written notice to SD-Binding Adopters.

6.2   <u>Effect of Termination</u>. Upon termination or expiration of this Agreement, SD-Binding Adopter shall promptly cease use of the CPRM Technology for SD-Binding, and cease all activities under licensed rights, including but not limited to, use, evaluation, testing, development, production, manufacture, sale or distribution of products authorized by or licensed under this Agreement. Provided

that, if the Agreement expires or is terminated for reasons other than an uncured breach by SD-Binding Adopter, SD-Binding Adopter licensed under Section 2.3 shall be entitled to a ninety (90) day sell-off period for Production/Sale SD-Binding Licensed Products and Production/Sale SD-Binding Licensed Components manufactured prior to the expiration or termination of the Agreement. Licenses to SD-Binding Necessary Claims from the Founders shall terminate upon termination or expiration of this Agreement. Within thirty (30) days after termination or expiration of this Agreement, SD-Binding Adopter shall return all SD-Binding Confidential Information and SD-Binding Highly Confidential Information to Licensor or, at Licensor's option destroy all such information in its possession, retaining no copies thereof, and provide to Licensor a written certification of such destruction signed by a senior official or officer of the SD-Binding Adopter.

6.3　Survival. The Reciprocal Non-Assertion Covenant (Section 2.7) and such other sections of this Agreement that, by their own terms survive termination or expiration of this Agreement, shall continue in full force after termination or expiration of this Agreement until by their terms they are fulfilled.

7.　DISCLAIMER & LIMITATION ON LIABILITY

7.1　Generally. The following terms limit the ability of the SD-Binding Adopter to recover any damages from Licensor or the Founders in excess of fees actually paid to the Licensor by SD-Binding Adopter. These provisions are an essential part of the bargain, without which Licensor would not be willing to enter into this Agreement, and the Founders would not be willing to license their SD-Binding Necessary Claims to Licensor.

7.2　Disclaimer. ALL INFORMATION, CPRM TECHNOLOGY FOR SD-BINDING, AND SD-BINDING SPECIFICATIONS ARE PROVIDED "AS IS." LICENSOR, FOUNDERS AND THEIR AFFILIATES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT. LICENSOR, FOUNDERS, AND AFFILIATES FURTHER DISCLAIM ANY WARRANTY THAT ANY IMPLEMENTATION OF THE SD-BINDING SPECIFICATIONS, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

7.3　Limitation of Liability. NEITHER LICENSOR NOR FOUNDERS OR THEIR AFFILIATES, NOR ANY OF THEIR DIRECTORS, OFFICERS, AGENTS, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICIALS, OR EMPLOYEES ACTING IN THEIR CAPACITIES AS SUCH

(COLLECTIVELY THE "AFFECTED PARTIES") OR AFFILIATES SHALL BE LIABLE TO SD-BINDING ADOPTER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, OR BASED ON ANY PERSON'S USE OF OR MAKING, USING, SELLING OR IMPORTING ANY PRODUCTS OF SD-BINDING ADOPTER THAT IMPLEMENT SD-BINDING CONFIDENTIAL OR SD-BINDING HIGHLY CONFIDENTIAL INFORMATION OR THE CPRM TECHNOLOGY FOR SD-BINDING OR SD-BINDING SPECIFICATIONS, WHETHER UNDER THEORY OF CONTRACT, TORT, INDEMNITY, INTELLECTUAL PROPERTY INFRINGEMENT (DIRECT, CONTRIBUTORY OR OTHERWISE) PRODUCT LIABILITY OR OTHERWISE. TO THE EXTENT THAT ANY COURT OF COMPETENT JURISDICTION RENDERS JUDGMENT AGAINST ANY OF THE AFFECTED PARTIES NOTWITHSTANDING THE ABOVE LIMITATION, THE AFFECTED PARTIES' AGGREGATE LIABILITY TO SD-BINDING ADOPTER IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE FEES PAID BY SD-BINDING ADOPTER TO LICENSOR HEREUNDER. SD-BINDING ADOPTERS AND THEIR DIRECTORS, OFFICERS, AGENTS, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICIALS, OR EMPLOYEES ACTING IN THEIR CAPACITIES AS SUCH SHALL NOT BE LIABLE TO LICENSOR, FOUNDERS, OR THEIR AFFILIATES FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES BUT SHALL BE LIABLE FOR DAMAGES AS SET FORTH IN SECTION 8.

7.4   SD-Binding Adopter licensed under Section 2.2 acknowledges that it may require a license under patent claims other than SD-Binding Necessary Claims owned by a Founder or Fellow SD-Binding Adopter, to make, have made, or use Evaluation/Development SD-Binding Licensed Products and/or Evaluation/Development SD-Binding Licensed Components and SD-Binding Adopter licensed under 2.3 acknowledges that it may require a license under patent claims other than SD-Binding Necessary Claims owned by a Founder, Fellow SD-Binding Adopter, to make, have made, use, sell, offer to sell, import, or otherwise transfer Production/Sale SD-Binding Licensed Products and/or Production/Sale SD-Binding Licensed Components and to have made Evaluation/Development SD-Binding Licensed Products and Evaluation/Development SD-Binding Licensed Components consistent with Section 2.3.

8.   REMEDIES

8.1   <u>Indemnification for Wrongful Acts of SD-Binding Adopter</u>. SD-Binding Adopter shall indemnify and hold Licensor, the Founders and their officers, members, representatives, agents, directors, equivalent corporate officials, and employees, harmless from and against any and all losses, claims, actions, suits, proceedings or litigation, and any losses, deficiencies, damages, liabilities, costs and expenses including without limitation, reasonable attorney's fees and all related costs and expenses, to be paid or otherwise incurred in connection with the defense of any claim, action, suit, proceeding or litigation, which result from any breach of any

covenant, agreement, representation or warranty herein or negligent acts committed by SD-Binding Adopter, its Affiliates and its or their employees and agents.

8.2   Device Inspection. Licensor may acquire products on the open market for examination. If requested, SD-Binding Adopter shall provide reasonable cooperation in affording Licensor an example of any product distributed hereunder and shall provide, once per model of product under the terms of a Non-Disclosure Agreement equivalent to the CPRM/CPPM Key Evaluation NDA, the service manual for such product and any further details necessary to determine whether SD-Binding Adopter's product is in compliance with the rules. By way of example such details include the executable object code, functional design diagrams, and block diagrams, but shall not include the source code, the Verilog Hardware Description Language ("VHDL") or similar highly confidential information. SD-Binding Adopter may, at its option, provide further information.

8.3   Equitable Relief. SD-Binding Adopter agrees that if it breaches its obligations under Section 5 or the SD-Binding Compliance Rules (including the SD-Binding Robustness Rules) of this Agreement, money damages may be inadequate to compensate an injured party due to the unique nature of certain provisions of this Agreement and the lasting effect and harm from any breach of such provisions, including making available the means for and/or providing an incentive for widespread circumvention of the CPRM Technology for SD-Binding and unauthorized copying of content intended to be protected using the CPRM Technology for SD-Binding. SD-Binding Adopter further agrees that, as provided by law, injunctive relief is an appropriate remedy to prevent or limit the adverse consequences of actual or threatened material breaches of this Agreement.

8.4   Damages Measures and Limitation. The parties agree that it may be impossible to estimate the amount of damages in the event of certain breaches. SD-Binding Adopter agrees that in the event of those material breaches by SD-Binding Adopter described below in Sections 8.4.1-8.4.3, Licensor, in addition to any other remedies in equity, but in lieu of any and all other claims for monetary damages may recover liquidated damages for each material breach in the amount set forth below. For purposes of this Section 8.4, a series of substantially related events shall constitute a single material breach.

8.4.1   Material Breach of Confidentiality Provisions. In the event of a material breach of the Confidentiality Provisions set forth in Section 5 of this Agreement, SD-Binding Adopter shall be liable for one million dollars. For purposes of this Section 8.4.1 a breach shall be "material" only if it has resulted in or would be likely to result in commercially significant harm to other users of the CPRM Technology for SD-Binding, including but not limited to Fellow SD-Binding Adopters, or constitute a threat to the integrity or security of the CPRM Technology for SD-Binding. In addition, the following is a non-exclusive list of circumstances in which there is no material breach of the applicable provisions: (1) if no SD-

Binding Confidential Information and/or SD-Binding Highly Confidential Information was released to a third party not permitted hereunder to have such information or could reasonably have been expected to have been released to such third party as a result of the breach; (2) if SD-Binding Adopter maintains a documented internal program to assure compliance herewith (including a program to assure maintenance of inventory, samples, and confidentiality of information for purposes in addition to compliance with this Agreement), the breach was inadvertent or otherwise unintentional, and the breach did not have a material adverse effect on the integrity or security of the CPRM Technology for SD-Binding; or (3) if SD-Binding Adopter brought the breach to 4C's attention in a timely manner as required by this Agreement and such breach did not have a material adverse effect on the integrity or security of the CPRM Technology for SD-Binding.

8.4.2 <u>Material Breach of Compliance or SD-Binding Robustness Rules</u>. In the event of a material breach that involves the manufacture or distribution of devices or software that fail to protect CPRM Technology for SD-Binding as provided by the applicable Compliance and SD-Binding Robustness Rules, SD-Binding Adopter shall be liable in an amount equal to its profits on such devices or software, and in no event less than one million dollars nor more than eight million dollars.

8.4.3 <u>Other Material Breaches</u>. In the event of a material breach that involves any other provision of this Agreement, SD-Binding Adopter shall be liable in an amount equal to its profits on the affected devices or software, and in no event more than eight million dollars.

9. EXPIRATION OF SD-BINDING DEVICE KEYS

9.1 <u>Generally</u>. The SD-Binding Specifications include means by which SD-Binding Device Keys and/or SD-Binding Device Key Sets may be invalidated, rendering them unable to display, process, playback, store, compute, use, transmit, communicate, execute and/or record Commercial Content protected by the CPRM Technology for SD-Binding (generally, "Expire", "Expiration" or "Expired"). Licensee understands and agrees that if 4C determines that circumstances warranting expiration of such SD-Binding Device Keys or SD-Binding Device Key Sets exist, all devices incorporating said SD-Binding Device Key Set shall be Expired. There are three basic types of SD-Binding Device Key Set assignments to Production/Sale SD-Binding Licensed Products:

9.1.1 Type A: SD-Binding Device Key Sets are unique per device or instance of software.

9.1.2 Type B: SD-Binding Device Key Sets may be shared among a limited number of devices or instances of software. Implementations are required to be renewable, preferably via user-transparent means such as the download of updated software from a website. In the event a SD-Binding Device Key Set is Expired, SD-Binding Adopter shall provide clear

information to the end user indicating that renewal is necessary and describing the necessary steps to perform the update. This update shall be made available at no cost to the end user. SD-Binding Adopter shall make an update (using a new SD-Binding Device Key Set) ready and available within 2 weeks of notification from the 4C.

9.1.2.1 Unconnected Devices: When a device or software with Type B SD-Binding Device Key Sets can be used without the end-user ever making a connection (i.e. an internet connection) that could be used to download updates, the Device is considered to be Unconnected. If an Unconnected Device's Key Set is Expired, SD-Binding Adopter shall make an update available via download and prompt delivery via physical mail. For Unconnected Devices, a single SD-Binding Device Key Set may be shared by no more than 5,000 instances.

9.1.2.2 Connected Devices: When a device or software with Type B SD-Binding Device Key Sets requires the end-user to make a connection at least once in order to obtain or use the software, the Device is considered to be Connected. If a Connected Device's Key Set is Expired, SD-Binding Adopter shall make an update available via download and at SD-Binding Adopter's option prompt delivery via physical mail. For Connected Devices, a single SD-Binding Device Key Set may be shared by no more than 10,000 instances.

9.1.3   Type C: SD-Binding Device Key Sets may be shared among any number of devices or instances of software without limit. This requires managed renewable implementations. For purposes of this section "Managed" means that Periodic Updates are implemented (even if no SD-Binding Device Key Set expiration occurs) based on an on-going connection between the end-user and the distributor of the Managed SD-Binding Device Key Sets. For purposes of this section "Periodic Update" is the equivalent of a software release. The old release is disabled and replaced by a new release that uses a new SD-Binding Device Key Set. These Periodic Updates shall occur at least twice a year, beginning from first product availability. The Managed environment shall also be able to perform SD-Binding Device Key Set expiration, at the direction of the 4C, independently of the 4C's SD-Binding Device Key Set expiration mechanisms. All Managed updates shall occur via user transparent means such as download of updated software from a website. In the event a SD-Binding Device Key Set is Expired, SD-Binding Adopter shall make an update (using a new SD-Binding Device Key Set) ready and available within 2 weeks of notification from 4C.

9.2   <u>Circumstances Warranting Expiration</u>. 4C, at its own initiative or that of any SD-Binding Adopter licensed under Section 2.3 may Expire a SD-Binding Device Key when it determines, based on the facts presented to it, that (1) a SD-Binding

Device Key Set has been cloned such that the same SD-Binding Device Key Set is found in more than one device or Production/Sale SD-Binding Licensed Product Set other than in a product merely implementing type B or C Key Sets; (2) a SD-Binding Device Key has been made public, lost, stolen, intercepted or otherwise misdirected or disclosed in violation of this Agreement; or (3) 4C is directed to Expire a SD-Binding Device Key by the National Security Agency, court order, or other competent government authority. Without limiting the foregoing, 4C shall not Expire a SD-Binding Device Key (a) based on SD-Binding Adopter's breach of this Agreement, other than where SD-Binding Adopter has cloned or made public a SD-Binding Device Key or such SD-Binding Device Key has otherwise been disclosed in violation of this Agreement; or (b) to disable products or devices where the security of the CPRM Technology for SD-Binding has been compromised by third parties, other than where a SD-Binding Device Key has been cloned, made public, or otherwise disclosed in violation of this Agreement.

9.3   Consultation with Affected SD-Binding Adopter. In the event Licensor receives a request to Expire a SD-Binding Device Key based on a sworn affidavit from a Fellow SD-Binding Adopter licensed under Section 2.3 that (i) a SD-Binding Device Key sought to be Expired has been made public, lost, stolen, intercepted, or otherwise misdirected or disclosed in violation of this Agreement; or (ii) a SD-Binding Device Key Set has been cloned such that the same SD-Binding Device Key Set is found in more than one device or product (the "Expiration Criteria") Licensor shall promptly provide the affected SD-Binding Adopter with a copy of such affidavit and request its consent to Expire the applicable SD-Binding Device Key. SD-Binding Adopter shall respond to Licensor's request within fifteen (15) days of receiving notice in accordance with the notice procedures of this Agreement and shall not unreasonably withhold its consent to Expire a SD-Binding Device Key. Should SD-Binding Adopter reasonably believe that neither of the Expiration Criteria have been met, SD-Binding Adopter shall so inform Licensor, providing reasons why the affidavit did not provide facts that would satisfy the Expiration Criteria and supplying any additional facts in its own sworn affidavit that establish why the Expiration Criteria have not been met, and shall thereafter promptly submit to arbitration in accordance with the procedures set forth in Section 9.5(a)(iii).

9.4   SD-Binding Adopter Request for Expiration. SD-Binding Adopter licensed under Section 2.3 may seek Expiration by providing proof in a sworn affidavit of facts indicating that a particular SD-Binding Device Key should be Expired because a SD-Binding Device Key has been made public, lost, stolen, intercepted or otherwise misdirected or disclosed in violation of this agreement, or that a SD-Binding Device Key Set has been cloned such that the same SD-Binding Device Key Set is found in more than one device or Production/Sale SD-Binding Licensed Product Set. Such SD-Binding Adopter affidavit shall be sufficiently detailed that 4C can determine solely on the basis of such affidavit whether the facts averred are sufficient to satisfy the Expiration Criteria.

9.5   Procedures for Expiration.

(a)   Upon receipt of a sworn affidavit from a Fellow SD-Binding Adopter licensed under Section 2.3, Licensor shall review it in light of the Expiration Criteria and, in accordance with Licensor's procedures, promptly determine whether Expiration is warranted.

(i)   If Licensor determines that either or both of the Expiration Criteria are met by the affidavit, Licensor shall promptly provide the affected SD-Binding Adopter with a copy of the affidavit and request its consent to Expire the applicable SD-Binding Device Keys. If the SD-Binding Adopter consents, Licensor shall take steps to Expire the applicable SD-Binding Device Keys by promptly delivering or causing to be delivered to all SD-Binding Adopters relevant Expiration Information.

(ii)   If (A) Licensor determines that neither of the Expiration Criteria are met; or (B) the affected SD-Binding Adopter (x) objects to Licensor's request to Expire or (y) does not respond to Licensor's request to Expire within fifteen (15) days, the matter shall be submitted to arbitration. At such arbitration the party or parties seeking Expiration shall bear the burden of proof to demonstrate by a preponderance of the evidence that the Expiration Criteria have been met.

(iii)   Any arbitration pursuant to this section 9.5 shall be conducted in accordance with the following procedures:

(a)   There shall be a sole arbitrator who shall be selected by the American Arbitration Association from its National Panel of Commercial Arbitrators.

(b)   The arbitration shall be conducted in New York, N.Y. in accordance with the International Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted in English.

(c)   The arbitrator may conduct the arbitration in such manner as it shall deem appropriate, including the imposition of time limits that it considers reasonable for each phase of the proceeding, but with due regard for the need to act, and make a final determination, in an expeditious manner.

(d)   The arbitrator shall permit and facilitate such limited discovery as he or she shall determine is reasonably necessary, taking into account the needs of the parties and the desirability of making discovery as expeditious and cost-effective as possible.

(e)　　The parties and the arbitrator shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator as SD-Binding Confidential Information. In addition, and as necessary, the arbitrator may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.

(f)　　The arbitrator is empowered solely to determine whether either of the Expiration Criteria have been met. Any such determination shall be final and binding on the parties, except that whether the arbitrator exceeded his or her authority in determining the remedy, or otherwise, shall be fully reviewable by a court of competent jurisdiction. Judgment upon any award shall be entered in a court of competent jurisdiction.

(g)　　The arbitrator shall be compensated at his or her hourly rate, determined at the time of appointment, for all time spent in connection with the arbitration, and shall be reimbursed for reasonable travel and other expenses. The arbitrator shall determine all costs of the arbitration, including his or her fees and expenses, the costs of expert advice and other assistance engaged by the arbitrator, the cost of a transcript and the costs of meeting and hearing facilities. The arbitrator shall assess the losing party or parties the costs of the arbitration set forth in this subsection (g).

10.　MISCELLANEOUS

10.1　Ownership. All SD-Binding Confidential and/or SD-Binding Highly Confidential Information, copyrighted or patented information, and media containing any of the above as provided by Licensor to SD-Binding Adopter shall remain the property of Licensor, the Founders, or their suppliers. Except as expressly provided herein, this Agreement does not give SD-Binding Adopter any license or other rights to any information provided under this Agreement.

10.2　Entire Agreement. This Agreement, the exhibits hereto and the SD-Binding Specifications constitute the entire agreement between the parties with respect to the subject matter involved and supersede all prior oral or written agreements. This Agreement shall not be modified except in accordance with § 3.1 or by written agreement dated subsequent to the date of this Agreement and signed by all parties.

10.3　Currency. All fees shall be paid to 4C or to its order in United States dollars by wire transfer or such other means as 4C may reasonably specify.

10.4   Assignment. The rights and licenses granted to SD-Binding Adopter by this Agreement are personal to SD-Binding Adopter and shall not be assigned or otherwise transferred except: (1) with the written approval of 4C and with respect to SD-Binding Necessary Claims, written approval of the Founders, which approval shall not be unreasonably withheld; (2) to a corporation controlling, controlled by or under common control with SD-Binding Adopter; or (3) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of SD-Binding Adopter or of all or substantially all of the outstanding capital stock or assets and obligations of the business unit of SD-Binding Adopter that is making use of the SD-Binding Confidential and/or SD-Binding Highly Confidential Information in its business activities or the surviving entity in a merger, reorganization, or other business combination; provided written notice of such assignment has been provided in advance to 4C and the surviving or acquiring company has agreed in writing to be bound by the terms of this Agreement. Subject to the limitations set forth in this Agreement, this Agreement shall inure to the benefit of and be binding upon the parties, their successors and permitted assigns. 4C or Founders may assign or transfer this Agreement to a party that agrees to assume the transferors obligations hereunder, and will provide SD-Binding Adopter with written notice of such assignment or transfer.

10.5   Presumptions. In construing the terms of this Agreement, no presumption shall operate in any party's favor as a result of its counsel's role in drafting the terms or provisions hereof.

10.6   Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE.

10.7   Consent to Jurisdiction. IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT, EACH PARTY IRREVOCABLY CONSENTS TO: (1) THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK, N.Y.; AND (2) THE SERVICE OF PROCESS OF SAID COURTS IN ANY MATTER RELATING TO THIS AGREEMENT BY PERSONAL DELIVERY BY OVERNIGHT MAIL OR INTERNATIONAL COURIER, WHICH REQUIRES SIGNING ON RECEIPT, POSTAGE PREPAID, TO THE PARTIES AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, OR TO THE AGENT TO BE APPOINTED PURSUANT TO § 10.8 BELOW. THE PARTIES AGREE TO WAIVE A JURY TRIAL ON ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

10.8   Agent. SD-BINDING ADOPTER SHALL APPOINT AN AGENT IN THE STATE OF NEW YORK FOR ACCEPTANCE OF SERVICE OF PROCESS PROVIDED FOR UNDER THIS AGREEMENT AND SHALL NOTIFY 4C OF THE IDENTITY AND ADDRESS OF SUCH AGENT WITHIN THIRTY DAYS AFTER THE SD-BINDING EFFECTIVE DATE.

10.9   Notice. Any notice required to be given under this agreement shall be in writing and shall be by overnight mail or international courier, which requires signing on receipt, postage prepaid, to the parties at the address specified in this agreement. Such notices shall be deemed served when received by addressee or, if delivery is not accomplished by reason of some fault of the addressee, when tendered for delivery. Any party may give written notice of a change of address and, after notice of such change has been received, any notice or request shall thereafter be given to such party at such changed address.

10.10   Severability; Waiver. Should any part of this Agreement judicially be declared to be invalid, unenforceable, or void, the parties agree that the part or parts of this Agreement so held to be invalid, unenforceable, or void shall be reformed by the entity having jurisdiction thereover without further action by the parties hereto and only to the extent necessary to make such part or parts valid and enforceable. A waiver by any of the parties hereto of any of the covenants or promises to be performed by the other parties or any breach thereof shall not be effective unless made in writing and signed by the waiving party and shall not be construed to be a waiver of any succeeding breach thereof or of any covenant herein contained.

10.11   Election of License Category. Upon execution of this Agreement, SD-Binding Adopter shall elect to become an SD-Binding Evaluation/Development licensee and/or a SD-Binding Production/Sale licensee, by completing the initial election requirements in Sections 10.11.1 and/or 10.11.2. Subsequent to execution of this Agreement SD-Binding Adopter who has chosen to enter one license may enter a second license by submitting a revised election under Section 10.11.1 or Section 10.11.2.

10.11.1 SD-Binding Evaluation/Development license. SD-Binding Adopter elects to become a SD-Binding Evaluation/Development licensee, pursuant to Section 2.2 and agrees to comply with all the terms and conditions of this Agreement, excluding Sections 5.3, 8.5-8.10 and 9. SD-Binding Adopter's election shall be effective by checking the box below upon execution of this Agreement.

☐   Initial Election: SD-Binding Adopter elects, upon execution of this Agreement, the SD-Binding Evaluation/Development license pursuant to Section 2.2.

☐   Revised Election: SD-Binding Adopter elects, subsequent to execution of this Agreement, the SD-Binding Evaluation/Development license pursuant to Section 2.2.

Date of election:_____.

SD-Binding Adopter authorized representative

signature:_____

Licensor confirmation signature:_____

10.11.2<u>SD-Binding Production/Sale license</u>. SD-Binding Adopter elects to become a SD-Binding Production/Sale licensee, pursuant to Section 2.3 and agrees to comply with all the terms and conditions of this Agreement. SD-Binding Adopter's election shall be effective by checking the box below upon execution of this Agreement.

☐ Initial Election: SD-Binding Adopter elects, upon execution of this Agreement, the SD-Binding Production/Sale license pursuant to Section 2.3.

☐ Revised Election: SD-Binding Adopter elects, subsequent to execution of this Agreement, the SD-Binding Production/Sale license pursuant to Section 2.3

Date of election _____.

SD-Binding Adopter authorized representative signature:_____

Licensor confirmation signature:_____

SO AGREED AS OF THE DATE FIRST ABOVE WRITTEN.
This Agreement may be executed in multiple counterparts.

4C: SD-Binding Adopter:

By _____   By: _____
Name: Jacob Pak   Name: _____
Title: Manager   Title: _____

Addresses for notices

4C Entity LLC: SD-Binding Adopter:
380 Tennant Avenue, Unit 4
Morgan Hill, California 95037   _____
                                            _____

The parties below sign for purpose of agreeing to all Sections of this Agreement except for Sections 3.1, 8.2, 8.3, 8.7, 8.9 and 9.

International Business Machines Corp.   Intel Corporation
New Orchard Road   2200 Mission College Boulevard
Armonk, New York 10504   Santa Clara, California 95052

By _____   By: _____
Name: Jacob Pak   Name: Jacob Pak
Title: Attorney-in-fact   Title: Attorney-in-fact
Date: _____   Date: _____

Panasonic Intellectual Property   Toshiba America Information Systems, Inc.
Corporation of America   9740 Irvine Boulevard
One Panasonic Way   Irvine, California 92618
Secaucus, New Jersey 07094

By: _____   By: _____
Name: Jacob Pak   Name: Jacob Pak
Title: Attorney-in-fact   Title: Attorney-in-fact
Date: _____   Date: _____

EXHIBIT A

SD-Binding Authorized Uses

1.   Authorized Commercial Content Players.

        The CPRM for SD-Binding Technology is authorized to be used in an Authorized Commercial Content Player that incorporates the capability of one or more Authorized Service(s), to decrypt and/or re-encrypt Authorized Commercial Content, in compliance with the SD-Binding Specifications, where such Authorized Commercial Content was encrypted using the Bind ID described in the SD-Binding Specifications to cryptographically bind the Authorized Commercial Content to the Bind ID assigned in accordance with the specifications of the applicable Authorized Service. Provided, however, that in the use of CPRM for SD-Binding Technology, such Authorized Service(s) shall in no event contain any rules that discriminate one or more specific products against others (for example, without limitation, discriminate applications running on general use personal computers against applications running on consumer electronics products), unless such a disadvantage is directly caused by or due to the inherent nature of the applicable type(s) of applications.

2.   Commercial Navigation Devices.

        The CPRM for SD-Binding Technology is authorized to be used in a Navigation Device that incorporates the capability of one or more Authorized Service(s), to encrypt and decrypt Commercial Navigation Content using the CPRM for SD-Binding Technology, in compliance with the SD-Binding Specification, where such encryption uses the Bind ID described in the SD-Binding Specifications to cryptographically bind the Commercial Navigation Content to the Bind ID assigned in accordance with the specifications of the applicable Authorized Service.

3.   Mobile Phones.

        The CPRM for SD-Binding Technology is authorized to be used in a Mobile Phone that incorporates the capability of one or more Authorized Service(s), to encrypt and decrypt Commercial Content using the CPRM for SD-Binding Technology, in compliance with the SD-Binding Specifications, where such encryption uses the Bind ID described in the SD-Binding Specifications to cryptographically bind the Commercial Content to the telephone number attributed to that Mobile Phone (or any unique value that corresponds to said telephone number on a one to one basis), and/or to the Mobile Phone itself.

4. <u>Specific Content Provider Bound Content Players ("SCP Bound Content Player").</u>

The CPRM for SD-Binding Technology is authorized to be used in a SCP Bound Content Player that incorporates the capability of one or more Authorized Service(s), to encrypt and decrypt Commercial Content and Specific Content Provider Bound Executable using the CPRM for SD-Binding Technology where such encryption uses the Specific Content Provider ID ("SCP ID") to cryptographically bind the Commercial Content and Specific Content Provider Bound Executable to Specific Content Provider, provided that SCP Bound Commercial Content and Specific Content Provider Bound Executable shall be delivered with SCP ID to SCP Bound Content Player through Authentic Content Delivery Method.

SCP Bound Executable shall be authenticated by a Production/Sale SD-Binding Licensed Product via authentication scheme using the telephone number attributed to that Mobile Phone (or any unique value that corresponds to said telephone number on a one to one basis), or defined by ISO/IEC 9798-3 "Entity Authentication using a public key algorithm", and, as a public key algorithm, RSA512 or EC-DSA112 shall be used. SCP Bound Content Player shall provide only revocable APIs authenticated by the above secure methods, which APIs control storing and reading Specific Content Provider Bound Executable including secondary data with encryption/decryption by SCP ID.

****

As used in this Exhibit, the following terms have the following meanings:

(1)   "<u>Authorized Commercial Content</u>" means Commercial Content that is limited to audio, video, and e-book contents and/or a composite thereof; provided, that any data or information that (i) is directly related to such content (such as metadata), (ii) conveys information or instructions for the use of such content (such as usage rules), and/or (iii) is used for the purpose of encrypting or decrypting said content (such as cryptographic keys) shall be considered Authorized Commercial Content. For purposes of this definition, "e-book content" means content that is intended to be played back with an electronic book device, and may include literary, pictorial and/or graphic works, such as novels, magazines, news, textbooks, photo albums, cartoons, etc.

(2) "<u>Authorized Commercial Content Player</u>" means a product that has the function to store Authorized Commercial Content only, and to playback such content.

(3) "<u>Mobile Phone</u>" means a mobile telephone device which, as a default (i.e. without any expansion or use of any peripheral device), has both the capability of (i) communicating over a mobile telephone network, and of (ii) reading and writing data from and onto a SD Memory Card.

(4) "Specific Content Provider" or "SCP" means a person or entity which causes or permits distribution or transmission of Commercial Content via Authorized Service Provider, in compliance with the SD-Binding Specifications for SCP Bound Content Player, where the encryption uses the Bind ID to cryptographically bind the Commercial Content to Specific Content Provider's ID number ("SCP ID") assigned to the SCP Bound Commercial Content.

(5) "Specific Content Provider Bound Commercial Content" or "SCP Bound　Commercial Content" means Commercial Content that has been distributed and of which SCP ID is assigned by SCP.

(6) "Specific Content Provider Bound Executable" means executable program of SCP Bound Commercial Content that is delivered, either pre-installed or downloaded, through Authentic Content Delivery Method, and that may have or create secondary data such as transitory image of java games, ring tone, wallpapers, or binary data which is also Specific Content Provider Bound Executable.

(7) "SCP ID" means unique self-verification ID assigned to each SCP Bound Commercial Content and Content Provider Bound Executable that is specified and issued by SCP.

(8) "Commercial Navigation Content" means Commercial Content used in relation to navigation data. Any data or information that (i) is directly related to such content (such as metadata), (ii) conveys information or instructions for the use of such content (such as usage rules), and/or (iii) is used for the purpose of encrypting or decrypting said content (such as cryptographic keys) shall be considered Commercial Navigation Content. For purpose of this definition, "navigation data" means content that is intended to be used by a Navigation Device and may include (i) map, (ii) points, paths and area on map, (iii) data for navigation such as length, location, traffic condition on (ii), or (iv) text, picture, video and/or audio related to (i), (ii) and (iii).

(9) "Navigation Device" means a device which (i) directs or manages a user on a Commercial Navigation Content and (ii) reading and writing data from and onto an SD Memory Card.

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EXHIBIT B

Evaluation/Development Fees Appendix
for CPRM for SD-Binding Adopter Agreement

1. <u>Annual Administration Fees:</u>

    $ US 7,500

2. <u>Order Fulfillment Fees:</u>

    ☐ Evaluation/Development SD-Binding Device Key Sets (1,000): $US 1,500

    ☐ Media Key Blocks (100) $ US 1,500

    ☐ Both – Evaluation/Development Device Key Sets and MKBs $ US 2,500

    NOTE: Secret Constants are provided with each order.

3. <u>Withholding from Payments</u>

    Any Fees paid by SD-Binding Adopter hereunder will be paid without deduction or withholding for or on account of any present or future tax, assessment, or governmental charge imposed or levied, unless in each case the withholding or deduction of such tax, assessment or governmental charge is required by law. In the event such withholding or deduction is so required, SD-Binding Adopter shall include with its payment written notification of such withholding and shall forward to 4C in a timely manner evidence of such withholding adequate to permit 4C and/or the Founders to claim relevant tax credits under applicable treaties. SD-Binding Adopter assumes full responsibility for remitting such withholding to the proper authority.

4. Routing of Payments

    All fees shall be paid to 4C or to its order in United States dollars by wire transfer or such other means as 4C may reasonably specify. Orders and payments shall be directed to 4C Entity, LLC, 380 Tennant Avenue, Unit 4, Morgan Hill, CA 95037.

5. Recordkeeping and Audits

    SD-Binding Adopter will be invoiced for fees at the time its order is received. All fees are due and payable prior to shipment of orders.

    4C shall have the right to audit SD-Binding Adopter's records as provided in the applicable SD-Binding Adopter Agreement for purposes of determining sufficiency of any payments hereunder.

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EXHIBIT C

Production/Sale Fees Appendix
for CPRM for SD-Binding Adopter Agreement

1. <u>Annual Administrative Fees through April 14, 2021</u>

   As provided in Section 4.2 of this Agreement, administrative fees are used to offset the costs associated with the Licensor's administration of the CPRM Technology for SD-Binding. As a result, the administrative fees may vary in subsequent years due to an increase or decrease in Licensor's administrative costs.

   CPRM for SD-Binding Adopter $ US 9,000

2. <u>Withholding from Payments</u>

   Any Fees paid by SD-Binding Adopter hereunder will be paid without deduction or withholding for or on account of any present or future tax, assessment, or governmental charge imposed or levied, unless in each case the withholding or deduction of such tax, assessment or governmental charge is required by law. In the event such withholding or deduction is so required, SD-Binding Adopter shall include with its payment written notification of such withholding and shall forward to 4C in a timely manner evidence of such withholding adequate to permit 4C and/or the Founders to claim relevant tax credits under applicable treaties. SD-Binding Adopter assumes full responsibility for remitting such withholding to the proper authority.

3. <u>Routing of Payments</u>

   All fees shall be paid to 4C or to its order in United States dollars by wire transfer or such other means as 4C may reasonably specify. Orders and payments shall be directed to 4C Entity, LLC, 380 Tennant Avenue, Unit 4, Morgan Hill, CA 95037.

4. <u>Recordkeeping and Audits</u>

   SD-Binding Adopter will be invoiced for fees at the time its order is received. All fees are due and payable prior to shipment of orders.

   4C shall have the right to audit SD-Binding Adopter's records as provided in the applicable SD-Binding Adopter Agreement for purposes of determining sufficiency of any payments hereunder.

5. <u>Procedures for Handling SD-Binding Device Keys and Secret Constants</u>

   4C will issue standards for handling SD-Binding Device Keys and Secret Constants consistent with the terms of this Agreement. SD-Binding Adopter agrees to abide by all such standards. Standards will include, by way of example, that SD-Binding Device Keys be kept in a secure place and that only a limited number of people have access to them.

6. Unit Fees.

   N/A

7. Order Fulfillment Fee.

   $ US 500/order

   SD-Binding Device Key orders shall be limited to a maximum of 400,000 SD-Binding Device Keys per order.

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EXHIBIT D

D-1   **SD-BINDING ROBUSTNESS RULES**

D-2   **SD-BINDING COMPLIANCE RULES FOR**
              SD-BINDING AUTHORIZED USE #1: MOBILE PHONES

D-3   **SD-BINDING COMPLIANCE RULES FOR**
              SD-BINDING AUTHORIZED USE #2:
              AUTHORIZED COMMERCIAL CONTENT PLAYERS

D-4   **SD-BINDING COMPLIANCE RULES FOR**
              SD-BINDING AUTHORIZED USE #3:
              SPECIFIC CONTENT PROVIDER BOUND CONTENT PLAYERS

D-5   **SD-BINDING COMPLIANCE RULES FOR**
              SD-BINDING AUTHORIZED USE #4: NAVIGATION DEVICES

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Exhibit
D-1

SD-BINDING ROBUSTNESS RULES

</div>

1.   CONSTRUCTION

1.1   **Generally.** SD-Binding Participating Devices shall meet the SD-Binding Compliance Rules as shipped and be designed and manufactured so as to resist attempts to modify such products so as to defeat the functions of the SD-Binding Specification, as more specifically described below.

1.2   **Defeating Functions and Features.** SD-Binding Participating Devices shall not include switches, jumpers or traces that may be cut, or control functions means (such as end user remote control functions or keyboard, command or keystroke bypass), by which content protection technologies or other mandatory provisions of the SD-Binding Specification or SD-Binding Compliance Rules may be defeated or by which decrypted Protected Content may be exposed to unauthorized copying, usage or distribution.

1.3   **Keep Secrets.** SD-Binding Participating Devices shall be designed and manufactured such that they shall resist attempts to discover or reveal SD-Binding Device Keys, other Highly SD-Media Confidential Information, or secret intermediate calculated cryptographic values used in the CPRM for SD-Binding Technology.

1.4   **Keep Confidential.** SD-Binding Participating Devices shall be designed and manufactured such that they shall resist attempts to discover SD-Binding Confidential Information such as the Secret Constant. Adopter's compliance with these SD-Binding Robustness Rules with regard to SD-Binding Confidential Information shall be fulfilled by compliance with this Section 1.4 and Sections 4.2, 4.3 and 5 of these SD-Binding Robustness Rules.

2.   ACCESSIBILITY OF CONTENT. Decrypted content shall not be available on device outputs other than those specified in these compliance rules. Within SD-Binding Participating Devices, such Content shall not be present on any user accessible buses in useable form in such a manner that permits users to circumvent or defeat the Security Functions.

2.1   For these purposes, a "user accessible bus" shall mean a data bus which is designed for end user upgrades or access, such as PCMCIA, device bay, IEEE 1394, PCI buses (for compressed video content) or Cardbus, but not PCI buses (for content other than compressed video content), memory buses, CPU buses, and similar portions of a device's internal architecture.

2.2 "Security Functions" shall mean functions related to authentication, encryption, decryption, watermark screening, watermark updating as defined and required in the SD-Binding Specification, including the control functions or Usage Rules, to the extent such functions and rules are implemented in the foregoing.

3. METHODS OF MAKING FUNCTIONS ROBUST

SD-Binding Participating Devices shall use at least the following techniques to be designed to effectively frustrate efforts to circumvent or defeat the functions and protections specified in this Agreement:

3.1 **Robustness Requirements Applicable to Software Implementations.** Any portion of a SD-Binding Participating Device that implements one or more of the Security Functions in software that could allow compromise of CPRM for SD-Binding Technology shall include all of the characteristics set forth in Sections 1 and 2 of these SD-Binding Robustness Rules. In addition, such implementations shall:

3.1.1 Comply with Section 1.3 of these SD-Binding Robustness Rules by reasonable methods, which may include, but shall not be limited to: encryption, execution of a portion of the implementation in ring zero or supervisor mode, and/or embodiment in a secure physical implementation; and in every case of implementation of software, using techniques of obfuscation to disguise and hamper attempts to discover the approaches used.

3.1.2 Be designed so as to perform self-checking of the integrity of its component parts and be designed to result in a failure of the implementation to provide the authorized authentication, encryption, and/or decryption functions in the event of unauthorized modification. For these purposes, a "modification" includes any change in, or disturbance or invasion of features or characteristics, or interruption of processing, relevant to Sections 1 and/or 2 of this Exhibit D. This provision requires at a minimum the use of "signed code" or other means of tagging or operating throughout the code which are equivalent or more robust.

3.2 **Robustness Requirements Applicable to Hardware Implementations.** Any portion of the SD-Binding Participating Device that implements a part of the SD-Binding Specification in hardware shall include all of the characteristics set forth in Sections 1 and 2 of these SD-Binding Robustness Rules. The fact that a software implementation operates on a hardware computing platform shall not, in and of itself, cause such hardware computer platform to be subject to the requirements set forth in Sections 3.2 and 3.3. If, however, the software implementation relies on hardware or any hardware component to satisfy these SD-Binding Robustness Rules, then such hardware or hardware component shall be governed by the robustness rules set forth herein for hardware implementations. In addition, such Implementation shall:

3.2.1 Comply with Section 1.3 of these SD-Binding Robustness Rules by reasonable means including, but not limited to: embedding SD-Binding Device Keys and other SD-Binding Highly Confidential information in silicon circuitry or firmware which cannot reasonably be read, or the techniques described above for software.

3.2.2 Be designed such that attempts to remove or replace hardware elements in a way that would compromise the content protection features of the CPRM for SD-Binding Technology would pose a serious risk of damaging the SD-Binding Participating Device so that it would no longer be able to receive, display, process, playback, store, compute, use, transmit, communicate, execute or record CPRM for SD-Binding Data. By way of example, a component which is soldered rather than socketed may be appropriate for these means.

3.2.3 Be designed such that the failure of a Security Function would cause the product to no longer be able to receive, display, process, playback, store, compute, use, transmit, communicate, execute or record CPRM for SD-Binding Data.

3.3 **Robustness Requirements Applicable to Hybrid Implementations.** The interfaces between hardware and software portions of a SD-Binding Participating Device shall be designed so that the hardware portions comply with the level of protection that would be provided by a pure hardware implementation, and the software portions comply with the level of protection which would be provided by a pure software implementation.

4. REQUIRED LEVELS OF ROBUSTNESS

4.1 The Security Functions and the characteristics set forth in Section 1.3 shall be implemented so that it is reasonably certain that they:

4.1.1 Cannot be defeated or circumvented using Widely Available Tools (Section 4.3) or Specialized Tools (Section 4.4) and

4.1.2 Can only with difficulty be defeated or circumvented using Professional Tools (Section 4.5).

4.2 The characteristics set forth in Section 1.4 shall be implemented so that it is reasonably certain that they:

4.2.1 Can only with difficulty be defeated or circumvented using Widely Available Tools (Section 4.3).

4.3 "Widely Available Tools" shall mean general-purpose tools or equipment that are widely available at a reasonable price, such as screwdrivers, jumpers, clips, file editors, and soldering irons.

4.4 "Specialized Tools" shall mean specialized electronic tools that are widely available at a reasonable price, such as memory readers and writers, debuggers, decompilers, or similar software development products other than devices or technologies that are designed and made available for the specific purpose of bypassing or circumventing the protection technologies that are required by the SD-Binding Specification, i.e., "Circumvention Devices".

4.5 "Professional Tools" shall mean professional tools or equipment, such as logic analyzers, chip disassembly systems, or in circuit emulators, but not including either professional tools or equipment that are made available on the basis of a non-disclosure agreement or Circumvention Devices.

5. NEW CIRCUMSTANCES

If an Implementation when designed and shipped complies with the requirements set forth above, but at any time thereafter circumstances arise which — had they been existing at the time of design — would have caused such implementation to fail to comply with the SD-Binding Specification ("New Circumstances"), then upon having reasonable notice of such New Circumstances, the developer of such implementation shall promptly redesign affected product(s) or make available upgrades to its affected product(s), and, as soon as reasonably practicable, consistent with ordinary product cycles and taking into account the level of threat to content under the New Circumstances, shall incorporate such redesign or replacement into its affected product(s), cease manufacturing such affected product(s) and cease selling such affected product(s).

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Exhibit
D-2

**SD-BINDING COMPLIANCE RULES FOR SD-BINDING AUTHORIZED USE #1:
MOBILE PHONES**

1.   DEFINITIONS

Harmonization. Where a term is not defined in these SD-Binding Compliance Rules, the definitions in the Agreement shall apply.

1.1   "<u>Authentic Content Delivery Method</u>" means a method approved by an Authorized Service Provider for commercial delivery of content, which provides means for robustly distinguishing content that is distributed through the Authorized Service Provider's channel from other content.

1.2   "<u>Authorized Edited Content</u>" means content resulting from editing performed on the Commercial Content by the user of said Commercial Content or combining Commercial Content and content or other data created or supplied by the user of said Commercial Content, for which the copyright holder of the original Commercial Content, has expressly authorized the creation and handling of such edited or combined content in the clear.

1.3   "<u>CPRM for SD-Binding Content</u>" means Commercial Content that has been encrypted and recorded using CPRM for SD-Binding Technology, as specified by the SD-Binding Specifications.

1.4   "<u>Decrypted CPRM for SD-Binding Content</u>" means, with respect to a SD-Binding Participating Device, CPRM for SD-Binding Content that has been decrypted by such SD-Binding Participating Device using CPRM for SD-Binding Technology but has not been passed to an output permitted by these SD-Binding Compliance Rules.

1.5   "<u>Decrypted CPRM for SD-Binding Audio Content</u>" means Decrypted CPRM for SD-Binding Content originating from Commercial Content either in audio format or as the audio portion of a non-pure-audio format.

2.   REQUIREMENTS FOR CONTENT HANDLING BY SD-BINDING PARTICIPATING DEVICES

2.1   **Authorized Edited Content.**   This Agreement imposes no obligation or restriction with respect to Authorized Edited Content.

2.2   **Input.** A SD-Binding Participating Device shall not use CPRM for SD-Binding Technology to protect copies of content other than Commercial Content received through an Authentic Content Delivery Method. 4C may in the future approve at its discretion other inputs subject to limitations and restrictions that may be specific to each of such inputs.

2.3   **Output.**   A SD-Binding Participating Device shall not pass Decrypted CPRM for SD-Binding Content to any output, except that a SD-Binding Participating Device may pass (i) Decrypted CPRM for SD-Binding Audio Content to an analog output, or (ii) Decrypted CPRM for SD-Binding Content to a third-party digital rights management technology which served as the original input for such Decrypted CPRM for SD-Binding Content. 4C may in the future approve at its discretion other outputs subject to limitations and restrictions that may be specific to each of such outputs.

2.4   **Copy / Move.**   Copy or move is allowed only in accordance with the specifications entitled "SD Memory Card Book SD-Binding Part".

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Exhibit
D-3

SD-BINDING COMPLIANCE RULES FOR SD-BINDING AUTHORIZED USE #2: AUTHORIZED COMMERCIAL CONTENT PLAYERS

1.   DEFINITIONS

Harmonization. Where a term is not defined in these SD-Binding Compliance Rules, the definitions in the Agreement shall apply.

1.1   "CPRM for SD-Binding Content" means Authorized Commercial Content that has been encrypted and recorded using CPRM for SD-Binding Technology, as specified by the SD-Binding Specifications, or Authorized Commercial Content for which the content key has been encrypted and recorded using CPRM for SD-Binding Technology, as specified by the SD-Binding Specifications.

1.2   "Decrypted CPRM for SD-Binding Content" means, with respect to a SD-Binding Participating Device, CPRM for SD-Binding Content that has been decrypted by such SD-Binding Participating Device using CPRM for SD-Binding Technology but has not been passed to an output permitted by these SD-Binding Compliance Rules.

1.3   "Decrypted CPRM for SD-Binding Audio Content" means Decrypted CPRM for SD-Binding Content originating from Authorized Commercial Content either in audio format or as the audio portion of a non-pure-audio format.

1.4   "Decrypted CPRM for SD-Binding Video Content" means Decrypted CPRM for SD-Binding Content originating from Authorized Commercial Content either in audio-visual or video format, or as the video or other visual portion of a non-audio-visual/video format.

1.5   "APS trigger bits" means the Analog Protection System bits as specified (a) for NTSC video signals, in IEC 61880 (for inclusion of such value on Line 20) or EIA-608-B (for inclusion of such value on Line 21) or (b) for YUV (525/60 systems) signals, in IEC 61880 (for inclusion of such value on Line 20) or EIA-608-B (for inclusion of such value on Line 21).

1.6   "CGMS-A" means the Copy Generation Management System (Analog) as specified (a) for NTSC analog video signals, in IEC 61880 (for inclusion on Line 20) or in EIA-608-B (for inclusion on Line 21), (b) for PAL, SECAM or YUV analog video signals, in IEC 61880 (for inclusion on Line 20) or in EIA-608-B (for inclusion on Line 21) or in EIA-805 (for inclusion on Line 41) for YUV (525/60 systems) signals or in ETS 300924 for PAL, SECAM

and YUV (625/50 systems) signals, or (c) for 480p progressive scan analog video signals, in, or adapted without material change from, EIAJ CPR1204-1 (defining the signal waveform carrying the CGMS-A) and IEC 61880 (defining the bit assignment for CGMS-A).

1.7   "Computer Product" means a device which is designed or permits the end user to install software applications thereon, including, but not limited to, personal computers, handheld "Personal Digital Assistants," and the like.

1.8   "Computer Monitor Output" means a connector for an analog or digital monitor typically found and associated with a Computer Product and which carries uncompressed analog and/or digital video signals. The term expressly includes those outputs known as VGA, SVGA, XGA, DVI, and various non-standardized digital monitor connections which have been implemented by manufacturers, and expressly does not include such typical consumer electronics connectors as NTSC, PAL, SECAM, SCART, YPrPb, S-Video and Consumer RGB, whether or not such connectors are found on any Computer Product.

1.9   "Colorstripe" means the so-named copy control system as specified for NTSC analog video signals in the document entitled "Specification of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, September 30, 1999."

2.   REQUIREMENTS FOR AUTHORIZED COMMERCIAL CONTENT HANDLING BY SD-BINDING PARTICIPATING DEVICES

2.1   **Permitted Inputs.** A SD-Binding Participating Device shall not have any input which receives other than Authorized Commercial Content that has been securely encrypted by a product that was manufactured in compliance with the 4C's C2 Encryption license or CPRM license terms. 4C may in the future approve at its discretion other inputs subject to limitations and restrictions that may be specific to each of such inputs.

2.2   **Permitted Outputs.** A SD-Binding Participating Device shall not pass Decrypted CPRM for SD-Binding Content to any output except Analog Audio Outputs, Computer Monitor Outputs, or Analog Video Outputs, in accordance with 2.2.1 and 2.2.2.

2.2.1   **Audio Outputs.** A SD-Binding Participating Device shall not pass Decrypted CPRM for SD-Binding Audio Content to any output except analog audio outputs. The speed of analog audio outputs from SD-Binding Participating Devices shall be limited to 1.5 times normal speed, unless the pitch is corrected to the pitch at normal speed. Except for the requirement just described, sound quality of analog outputs is not restricted.

2.2.2 **Video Outputs.** A SD-Binding Participating Device shall not pass Decrypted CPRM for SD-Binding Video Content to any output except the following outputs:

2.2.2.1   Computer Monitor Outputs. A SD-Binding Participating Device operating as software on, or as an internal or peripheral component of, a Computer Product may pass Decrypted CPRM for SD-Binding Video Content to a Computer Monitor Output.

2.2.2.2   Analog Video Outputs. A SD-Binding Participating Device may pass Decrypted CPRM for SD-Binding Video Content to an analog video output. A SD-Binding Participating Device shall generate copy control signals according to the APSTB and CGMS fields, if present in the specification of the applicable Authorized Service   or if the default setting of the APSTB field and CGMS field are specified in such specification, using the following copy control systems:

(a)   For an NTSC analog output, however transmitted, Automatic Gain Control and Colorstripe according to the APSTB field and CGMS-A according to the CGMS field;

(b)   For a PAL, SECAM or YUV analog output, Automatic Gain Control according to the APSTB field, and CGMS-A according to the CGMS field (note that "YUV as used herein means a component video output comprised of a luminance signal (Y) and two color difference signal (U and V) and specifically includes the following component video signals (Y,Pb,Pr), (Y,Cb,Cr), (Y, Db, Dr), and (Y, B-Y, R-Y));

(c)   For a 480p progressive scan analog output, Automatic Gain Control according to the APSTB field, and CGMS-A according to the CGMS field; and

(d)   For an SCART connector, Automatic Gain Control specifications for the PAL and SECAM signal carried by that connector, provided that the connector must be configured so that the component signal carried by the connector must always be accompanied by a composite signal and such composite signal must provide the only synchronization reference for the component signal.

(e)   Notwithstanding the foregoing, the requirements to comply with the CGMS-A specification set forth in this Section 2.2.2.2 shall not apply to a SD-Binding Participating Device operating as software on, or as an internal or peripheral component of, a Computer Product.

(f)   Adopter is notified that 4C may amend certain obligations set out in this Section 2.2.2.2, or specify alternative means to comply, if 4C finds that the required technologies are not available on reasonable and nondiscriminatory terms.

2.3   **Copy / Move.** Copy or move is allowed only in accordance with the specifications entitled "SD Memory Card Book SD-Binding Part".

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Exhibit
D-4

**SD-BINDING COMPLIANCE RULES FOR SD-BINDING AUTHORIZED USE #3:
SPECIFIC CONTENT PROVIDER BOUND CONTENT PLAYERS**

1. DEFINITIONS

Harmonization. Where a term is not defined in these SD-Binding Compliance Rules, the definitions in the Agreement shall apply.

1.1 "Authentic Content Delivery Method" means a method approved by an Authorized Service Provider for commercial delivery of content , which provides means for robustly distinguishing content that is distributed through the Authorized Service Provider's channel from other content.

1.2 "CPRM for SD-Binding Content" means Commercial Content that has been encrypted and recorded using CPRM for SD-Binding Technology, as specified by the SD-Binding Specifications.

1.3 "Decrypted CPRM for SD-Binding Content" means, with respect to a SD-Binding Participating Device, CPRM for SD-Binding Content that has been decrypted by such SD-Binding Participating Device using CPRM for SD-Binding Technology but has not been passed to an output permitted by these SD-Binding Compliance Rules.

2. REQUIREMENTS FOR CONTENT HANDLING BY SD-BINDING PARTICIPATING DEVICES

2.1 **Input.** A Licensed Product shall not have any input which receives other than SCP Bound Commercial Content and Specific Content Provider Bound Executable that has been securely received through Authentic Content Delivery Method. 4C may in the future approve at its discretion other inputs subject to limitations and restrictions that may be specific to each of such inputs.

2.2 **Output.** A Licensed Product shall not pass Decrypted CPRM for SD-Binding Content to any output, except that a Licensed Product may pass Decrypted CPRM SCP Bound Commercial Content to SCP Bound Executables. A SD-Binding Participating Device shall not pass Decrypted CPRM for SD-Binding Content to any output, except that a SD-Binding Participating Device may pass Decrypted CPRM SCP Bound Commercial Content in such a manner as specifically authorized by SCP. 4C may in the future approve at its discretion other outputs subject to limitations and restrictions that may be specific to each of such outputs.

2.3 **Copy / Move.** Copy or move is allowed only in accordance with the specifications entitled "SD Memory Card Book SD-Binding Part".

Exhibit
D-5

SD-BINDING COMPLIANCE RULES FOR SD-BINDING AUTHORIZED USE #4: NAVIGATION DEVICES

1. DEFINITIONS

Harmonization. Where a term is not defined in these SD-Binding Compliance Rules, the definitions in the Agreement shall apply.

1.1 "Audio Content for Navigation" means content in audio format, which originates from Decrypted CPRM for SD-Binding Content.

1.2 "Authentic Content Delivery Method" means a method approved by an Authorized Service Provider for commercial delivery of content, which provides means for robustly distinguishing content that is distributed through the Authorized Service Provider's channel from other content.

1.3 "CPRM for SD-Binding Content" means Commercial Navigation Content that has been encrypted and recorded using CPRM for SD-Binding Technology, as specified by the SD-Binding Specifications, or Authorized Commercial Content for which the content key has been encrypted and recorded using CPRM for SD-Binding Technology, as specified by the SD-Binding Specifications.

1.4 "Decrypted CPRM for SD-Binding Content" means, with respect to a SD-Binding Participating Device, CPRM for SD-Binding Content that has been decrypted by such SD-Binding Participating Device using CPRM for SD-Binding Technology but has not been passed to an output permitted by these SD-Binding Compliance Rules.

1.5 "Video Content for Navigation" means content in video format, which originates from Decrypted CPRM for SD-Binding Content.

2. REQUIREMENTS FOR COMMERCIAL NAVIGATION CONTENT HANDLING BY SD-BINDING PARTICIPATING DEVICES

2.1 **Inputs.** A SD-Binding Participating Device shall not use CPRM for SD-Binding Technology to protect copies of content other than Commercial Content received through an Authentic Content Delivery Method. 4C may in the future approve at its discretion other inputs subject to limitations and restrictions that may be specific to each of such inputs.

2.2 **Outputs.** A SD-Binding Participating Device shall not pass Decrypted CPRM for SD-Binding Content to any output except that (i) a SD-Binding Participating Device may pass Audio Content for Navigation through analog audio outputs or digital audio outputs and (ii) a SD-Binding Participating Device may pass Video Content for Navigation through analog video outputs or digital video outputs.

2.3 **Copy / Move**. Copy or move is allowed only in accordance with the specifications entitled "SD Memory Card Book SD-Binding Part".

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EXHIBIT "E"

CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY AUTHORIZED EMPLOYEES

</div>

I,_____, a full-time or part-time employee of
_____, a _____ ("SD-Binding Adopter"), acknowledge that I have been designated by SD-Binding Adopter as an "Authorized Employee" to receive on behalf of SD-Binding Adopter access to SD-Binding Highly Confidential Information of 4C Entity, LLC (the "Company"), the Founders of the Company, or another Fellow SD-Binding Adopter, which Authorized Employee is obligated to maintain strictly confidential under the terms of the CPRM for SD-Binding License Agreement (the "Agreement") between the Company and the SD-Binding Adopter. With respect to Highly SD-Binding Confidential Information, I acknowledge that the Agreement entered into between the Company and the SD-Binding Adopter requires SD-Binding Adopter to employ procedures for safeguarding SD-Binding Highly Confidential Information which procedures include, at a minimum: (i) SD-Binding Adopter shall employ procedures for safeguarding SD-Binding Highly Confidential Information at least as rigorous as SD-Binding Adopter would employ for its own most highly confidential information, such procedures to include, at a minimum: (1) maintaining on SD-Binding Adopter's premises a secure location in which any and all SD-Binding Highly Confidential Information shall be stored, where such a location may include electronic storage that is at least as secure with respect to the SD-Binding Highly Confidential Information as the CPRM for SD-Binding Technology is with respect to the protection of digital content; (2) that any SD-Binding Highly Confidential Information stored in such a location shall be accessible only by Authorized Employees; (3) that (x) where SD-Binding Highly Confidential Information is stored in a location that is physically secure, Authorized Employees visiting such location shall sign in and out each time that they visit such location; and (y) where SD-Binding Highly Confidential Information is stored securely in an electronic form, Authorized Employees having access to such SD-Binding Highly Confidential Information shall sign in and out each time that they have such access; and (4) when SD-Biding Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location or shall be stored electronically in a form that is at least as secure with respect to the SD-Binding Highly Confidential Information as the CPRM for SD-Binding Technology is with respect to protection of digital content. I further acknowledge that the Confidentiality Agreement defines SD-Binding Highly Confidential Information to include SD-Binding Device Keys (capitalized terms used herein as defined in the CPRM for SD-Binding License Agreement).

I further acknowledge that I have signed a prior written agreement with SD-Binding Adopter pursuant to which I have agreed to maintain the confidentiality of third party confidential information received by Adopter. I acknowledge that I am bound by such agreement or by Adopter's policies and practices to maintain the confidentiality of SD-Binding Highly Confidential Information during my employment and after my employment with Adopter.

By signing below, I attest that I have read and understood this acknowledgment.

Signed: _____

Name: _____

Date: _____

cc: 4C Entity, LLC