

C2 DECRYPTION LICENSE AGREEMENT

This C2 Decryption License Agreement (the “Agreement”), dated as of _____, (the “Effective Date”), is made by and among _____, a _____ corporation with its principal offices located at: _____

(the “Decrypter”) the 4C Entity, LLC (“4C” or “Licensor”) and the following four parties and/or their Affiliates (collectively, the “Founders”).

- **International Business Machines Corp.**, a New York corporation with its principal offices located at New Orchard Road, Armonk, New York 10504 (“IBM”);
- **Intel Corporation**, a Delaware corporation with an office located at 2200 Mission College Blvd., Santa Clara, California 95052, U.S.A. (“Intel”);
- **Panasonic Corporation**, a Japanese corporation having its principal place of business at 1006 Kadoma, Kadoma, Osaka 571-8501 (“Panasonic”), and
- **Toshiba Corporation**, a Japanese corporation with an office located at 1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8001 (“Toshiba”).

WITNESSETH:

WHEREAS, the Founders have licensed aspects of the 4C Technology to Licensor and authorized Licensor to further license the 4C Technology and administer such licenses, and whereas the Founders shall license certain patent claims directly to Decrypter through this Agreement;

WHEREAS, the Founders have negotiated certain agreements, including a Founders Agreement and Adopter Agreement regarding the licensing of certain technologies developed by the Founders for the methods of encryption, decryption, and renewability for purposes of protecting certain digital content from unauthorized interception and copying;

WHEREAS, the Founders wish to provide for a limited use of the C2 Cipher including the Secret Constants for decryption of content;

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 “Adopter” means any entity (including a Founder) that has entered into an Adopter Agreement with Licensor and delivered it to Licensor or its designee, and shall include its Affiliates.
- 1.2 “Adopter Agreement” means the CPPM/CPRM License Agreement (including its Compliance Rules and associated Fee Exhibits) and any other 4C License Agreement that includes substantially similar licensing and covenant provisions and is called an 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 “Authorized Uses” means such uses set out in Exhibit B of this Agreement, as may be amended from time to time.
- 1.5 “C2 Cipher” means the method for encryption and decryption, including Secret Constants, developed by the Founders described in the Specification entitled “C2 Block Cipher Specification” and Chapter 2 (“CPRM Common Cryptographic Functions”) of the Specifications entitled “CPRM Introduction and Common Cryptographic Elements,” published by the 4C Entity, LLC, as may be amended from time to time.
- 1.6 “C2 Decrypter” means any entity that has signed the C2 Decryption License Agreement as a C2 Decrypter and shall include its Affiliates.
- 1.7 “C2 Decryption Licensed Component” shall mean a component functionality for decrypting Commercial Content using the C2 Cipher, where such component is manufactured under license from 4C and is designed solely to be and is assembled into a C2 Decryption Licensed Product and which embodies a portion of the C2 Specifications, but which does not by itself completely satisfy the Robustness Rules.
- 1.8 “C2 Decryption License Agreement” means this Agreement and any other C2 Decryption License Agreement (including its Robustness Rules and associated Fee Exhibits) that include substantially similar licensing and covenant provisions and is called a C2 Decryption License Agreement by 4C.
- 1.9 “C2 Decryption Licensed Product” means a product functionality for decrypting Commercial Content using the C2 Cipher, where such product is manufactured under license from 4C pursuant to Section 2.1 of this

Agreement, with respect to which all of the statements in 1.9.1-1.9.4 are true.

- 1.9.1 the use of the product is an Authorized Use listed on Exhibit B to this Agreement,
 - 1.9.2 the product embodies and complies with the designs set out in the C2 Specifications,
 - 1.9.3 the product complies with the Robustness Rules listed in Exhibit C to this Agreement, and
 - 1.9.4 the product is designed for the decryption of Commercial Content.
- 1.10 “C2 Encrypter” means any entity that has signed the C2 Encryption License Agreement as a C2 Encrypter, and shall include its Affiliates.
- 1.11 “C2 Encryption License Agreement” means any C2 Encryption License Agreement entered into by Licensor, Founders and a C2 Encrypter that is called a C2 Encryption License Agreement by 4C.
- 1.12 “C2 Necessary Claims” means those claims of patents or patent applications, under which, any Founder, C2 Decrypter or any Fellow C2 Adopter has the right, at any time during the term of this Agreement to grant licenses within the bounds of the scope of use set forth in Section 2.3 of this Agreement that are necessarily infringed only by those portions of C2 Decryption Licensed Products and C2 Decryption Licensed Components which implement the C2 Cipher solely to the extent disclosed with particularity in the C2 Specifications. Notwithstanding anything else in this Agreement, "C2 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 C2 Specifications or is not itself part of the C2 Cipher, including: (1) claims relating to other decryption, copy protection, decompression, or decoding ability (even though such technology, standard or product may otherwise be mentioned or required by the C2 Specifications) or to tamper resistance technology; (2) claims which could be practiced in an implementation of a C2 Decryption Licensed Product or C2 Decryption Licensed Component in compliance with the 4C Specifications, other than the C2 Specifications, where an alternative implementation exists that would not infringe such claim (even if in the same patent as C2 Necessary Claims); (3) claims that read solely on any implementations of any portion of the C2 Specifications that are not within the bounds of the scope of use set forth in Section 2.3 of this Agreement; or (4) claims which, if licensed, would require a payment of royalties by the licensor to unaffiliated third parties.

- 1.13 “C2 Specifications” means collectively the specifications entitled "C2 Block Cipher Specification" and Chapter 2 ("CPRM Common Cryptographic Functions") of the Specifications entitled "CPRM Introduction and Common Cryptographic Elements," published by the 4C Entity, LLC, as may be amended from time to time.
- 1.14 “Commercial Content” means audio, data, video, text, graphics and/or games, whether or not protected by copyright, which are (a) not created by the user of the audio, data, video, text, graphics and/or games 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 the above audio, data, video, text, games and/or graphics and any information or data used for the purpose of encrypting or decrypting the above audio, data, video, text, games and/or graphics shall be considered Commercial Content.
- 1.15 “Confidential Information” means x) any and all information relating to the 4C Technology or Licensor’s or any Founder’s business practices relating to the 4C Technology, made available to C2 Decrypter directly by Licensor or its designees or representatives, or by any Fellow C2 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.”
- 1.16 “Content Provider” means an entity that is the owner of the copyright in a work or works or is authorized by the owner of the copyright in a work or works to control the reproduction, distribution, transmission and performance of such work or works, where such work is, or, such works are, encrypted pursuant to a C2 Encryption License Agreement, and shall include its Affiliates.

- 1.17 “Fellow C2 Adopters” means those entities which have executed a C2 Decryption License Agreement or C2 Encryption License Agreement and delivered it to Licensor or its designee for purposes of becoming a C2 Encrypter or C2 Decrypter.
- 1.18 “Fellow C2 Decrypters” means those entities which have executed a C2 Decryption License Agreement and delivered it to Licensor or its designee for purposes of becoming a C2 Decrypter, and shall include its Affiliates.
- 1.19 “4C Technology” means certain methods for encryption (including local encryption), decryption, and renewability developed by the Founders for purposes of protecting certain digital content from unauthorized copying, which methods are described in the Specifications entitled “Content Protection for Prerecorded Media Specifications,” “C2 Block Cipher Specification,” “Content Protection for Recordable Media Specification,” “CSS Compatible DVD Drive Authentication for CPPM” and “CSS-based DVD Drive Authentication for CPRM” as may be amended from time to time.
- 1.20 “4C Technology License Agreement” means a binding written agreement among a 4C Technology Licensee and Licensor and Founders to license some or all of the 4C Technology and includes, without limitation an agreement denominated as an Adopter Agreement, Content Participant Agreement, a C2 Encryption License Agreement or a C2 Decryption License Agreement.
- 1.21 “Optional” means, with reference to the 4C Specifications or C2 Specifications, any part of such specifications specifically identified as “Optional.”
- 1.22 “Robustness Rules” means the requirements set out in Exhibit C hereto, as such exhibit may be amended by 4C pursuant to a Founder’s Authorization from time to time.
- 1.23 “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.

2. LICENSES GRANTED

- 2.1 Nonexclusive License. Each Founder (or its Affiliate which has the right to license C2 Necessary Claims) grants to C2 Decrypter and C2 Decrypter accepts from each Founder (or such Affiliate) a nonexclusive, nontransferable, nonsublicensable, revocable worldwide license under the C2 Necessary Claims of such Founders and Licensor grants to C2 Decrypter and C2 Decrypter accepts from Licensor a nonexclusive,

nontransferable, nonsublicensable, revocable worldwide license under those trade secrets and copyrights embodied in the C2 Specifications:

- (a) to use reproduce, display, perform and implement the C2 Cipher to make (including designing and developing), have made (by third parties on a subcontract basis for the sole account of the C2 Decrypter), use, offer to sell, sell, import, export, distribute, or otherwise transfer C2 Decryption Licensed Products and C2 Decryption Licensed Components, provided that C2 Decryption Licensed Components may only be sold or transferred to Fellow C2 Decrypters for incorporation into C2 Decryption Licensed Products in accordance with the terms and conditions of this Agreement; and
- (b) to transfer prototype or sample C2 Decryption Licensed Products and C2 Decryption Licensed Components to prospective customers or retained test companies, in each case solely for their internal evaluation in contemplation of purchase of such C2 Decryption Licensed Product and/or C2 Decryption Licensed Component or for performance of specified testing of such C2 Decryption Licensed Product and/or C2 Decryption Licensed Component, as applicable, and to provide related technical information necessary for such evaluation or testing purposes, as applicable; provided, however, that any disclosure of Confidential Information shall be made only pursuant to a written agreement providing at least equivalent protections as are provided in this Agreement.

The license granted in this Section 2.1 shall not extend to C2 Decrypter if C2 Decrypter is in violation of Section 2.3.

- 2.2 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 C2 Specifications), (3) tamper resistance technology; (4) aspects of any technology, including a decoding or decompression technology, standard or product not disclosed with particularity in the C2 Specifications or that are Optional under the C2 Specifications; even though such technology, standard, or product may be mentioned in, or required by the C2 Specifications or Robustness Rules; and (5) claims relating to encryption technology, compression technology, encoding technology, electronic media distribution technology, 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.

- 2.3 Scope of Use. The licenses under this Section 2 shall extend only for the use of the C2 Cipher for the sole purpose of decrypting Commercial Content by C2 Decryption Licensed Products and C2 Decryption Licensed Components. This license shall not extend to features of C2 Decryption Licensed Products or C2 Decryption Licensed Components which are not required to comply with the C2 Specifications or for which there exists a noninfringing alternative, and shall not apply if C2 Decrypter is in violation of its covenant under Section 2.6. Except for the rights expressly provided for in this Agreement, neither C2 Decrypter nor Licensor nor any Founder grants or receives by implication or estoppel or otherwise, any rights under any patents or other intellectual property rights.
- 2.4 Proper Use. C2 Decrypter shall not use Confidential Information provided under this Agreement, nor produce, sell or otherwise transfer products or components of products (whether hardware or software) under color of this Agreement, where such usage of Confidential Information, or such components or products produced, sold or otherwise transferred are designed or may be used to circumvent the requirements or effectiveness of the C2 Specifications or any other 4C Technology.
- 2.5 Affiliates. C2 Decrypter represents and warrants that as of the Effective Date of this Agreement it has the authority to bind its Affiliates that use, reproduce, display, perform and implement the C2 Cipher to make (including designing and developing), have made (by third parties on a subcontract basis for the sole account of the C2 Decrypter), use, offer to sell, sell, import, export, distribute, or otherwise transfer C2 Decryption Licensed Products and C2 Decryption Licensed Components, pursuant to this Agreement to the terms of this Agreement.
- 2.6 Reciprocal Non Assertion Covenant. C2 Decrypter, on behalf of itself and its Affiliates, promises not to assert or maintain against Founders, Licensor, Fellow C2 Adopters and Affiliates of any of the foregoing or any vendor, distributor, purchaser or other person in the chain of distribution any claim of infringement under C2 Decrypter's and Affiliates' C2 Necessary Claims, as well as under any trade secrets or copyrights in the C2 Specifications, and accepts Fellow C2 Adopters' promise not to assert or maintain any claim of infringement under Fellow C2 Adopters' and Affiliates' respective C2 Necessary Claims, as well as under any trade secrets or copyrights in the C2 Specifications, for the development, design, manufacture (including having third parties manufacture on a subcontract basis for the sole account of Founder, Licensor, Fellow C2 Adopter or Affiliate thereof) use, reproduction, modification, distribution, display, performance, sale, offer to sell, import, export or other transfer of

C2 Decryption Licensed Components and C2 Decryption Licensed Products in accordance with the terms and conditions of this Agreement provided that such promise only applies to those portions of such C2 Decryption Licensed Components and C2 Decryption Licensed Products which are required for compliance with the C2 Specifications and which cannot be implemented without infringing (but for this covenant) the C2 Necessary Claims and/or the trade secrets or copyrights in the C2 Specifications, and further provided that such promise does not extend to any person or entity which is asserting its C2 Necessary Claims against the promissor, Founders, Licensor, or Fellow C2 Adopter and such Affiliates where the promissor is not in breach of its obligations under its Agreement. This section applies whether another entity, or such Affiliate, has become a Fellow C2 Adopter before or after C2 Decrypter signs this Agreement.

- 2.7 Limited Effect. This Agreement shall not be construed to waive any Founder's or Licensor's rights under law or any other Agreement except as expressly set out here.

3. FEES

- 3.1 Administration Fees. Within thirty (30) days of the Effective Date, C2 Decrypter shall pay 4C Administration Fees as set forth in the Fee Schedule attached hereto as Exhibit A. C2 Decrypter shall not be entitled to any refund thereof for any reason. Upon each anniversary of the Effective Date (the "Annual Payment Date") C2 Decrypter shall pay 4C the Annual Administration Fee for the following year which fee shall be used to offset the costs associated with Licensor's administration of the 4C Technology. 4C may, upon at least thirty (30) days notice to C2 Decrypter, 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 C2 Decrypter decrease, 4C shall use commercially reasonable efforts to reduce the Annual Administration Fee.
- 3.2 Unit Fees. During the first year of the license term C2 Decrypters shall pay \$.02 per unit of C2 Decryption Licensed Component or C2 Decryption Licensed Product manufactured, provided that total unit fees to be paid by C2 Decrypter during the first year of the license term shall not exceed \$50,000 per Authorized Use ("Maximum Fee per Authorized Use"). 4C will supply a written invoice for such charges upon receiving C2 Decrypter's order in the form attached to the appropriate Fee Schedule and C2 Decrypter agrees to pay such invoice in advance of receiving any order. C2 Decrypter shall not be entitled to any refund thereof for any reason. After the first year of the license term, 4C may, upon at least

thirty (30) days notice to C2 Decrypter, modify the Maximum Fee per Authorized Use. 4C shall have the right to audit C2 Decrypter'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.

- 3.3 Adjustment for Inflation. On December 31, 2003, and every third anniversary thereof, all of the fees set forth in this Section 3 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. The adjustment of fees set forth in this Section 3.3 shall be in addition to any adjustment otherwise authorized under this Section 3 and/or Exhibit A.
- 3.4 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. Fees shall be directed to 4C Entity, LLC, 380 Tennant Ave., Unit 4, Morgan Hill, CA 95037.

4. CONFIDENTIALITY/EXPORT

- 4.1 Permitted Use. C2 Decrypter shall use 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 Confidential Information or to circumvent any obligations under this Agreement. With the exception of Confidential Information, C2 Decrypter 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 Confidential Information recorded in any tangible form) of its directors, employees, agents or contractors as a result of their exposure to the Confidential Information. No recipient of Confidential Information shall: (i) intentionally memorize the 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 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 a C2 Decrypter's use of such knowledge and experience.
- 4.2 Confidential Information. C2 Decrypter shall maintain the confidentiality of Confidential Information in the following manner:

- 4.2.1 C2 Decrypter shall employ procedures for safeguarding Confidential Information at least as rigorous as C2 Decrypter would employ for its own Confidential Information, but no less than a reasonable degree of care.
- 4.2.2 C2 Decrypter may disclose 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 Confidential Information in order to allow C2 Decrypter to implement the C2 Cipher in compliance with the C2 Specifications and who have executed a nondisclosure agreement sufficient to protect the Confidential Information in accordance with the terms of this Agreement; (2) Fellow C2 Adopters who are subject to a nondisclosure agreement sufficient to protect the Confidential Information in accordance with the terms of this Agreement; (3) C2 Decrypter's attorneys, auditors or other agents who have a reasonable need to know the Confidential Information and who owe C2 Decrypter a duty of confidentiality sufficient to prevent the disclosure of such Confidential Information.
- 4.3 Copies of Confidential Information. C2 Decrypter shall not make any copies of any document containing Confidential Information except when required for use by different business units manufacturing C2 Decryption Licensed Products and/or C2 Decryption Licensed Components but located in different facilities. In the event such information is required for use by such diversely located business units, C2 Decrypter 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. C2 Decrypter shall notify Licensor in writing if such additional copies are made. C2 Decrypter may request that 4C provide C2 Decrypter with additional copies of 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.
- 4.4 Contact Person and Provision of 4C Information. C2 Decrypter shall designate a single Authorized Employee who shall receive all Confidential Information (the "C2 Decrypter Contact") disclosed by Licensor and may designate a single alternative Authorized Employee ("Alternate C2 Decrypter Contact") who shall be entitled to receive such Confidential Information in the event that C2 Decrypter Contact is absent at the time such information is to be provided. If C2 Decrypter is also an Adopter,

the C2 Decrypter Contact and Alternate C2 Decrypter Contact shall be the same individuals as are designated as the Adopter Contact and Alternate Adopter Contact, respectively, under the Adopter Agreement. Prior to the provision of any Confidential Information to the C2 Decrypter Contact or Alternate C2 Decrypter Contact, such C2 Decrypter Contact or Alternate C2 Decrypter Contact shall have complied with all of his/her obligations under Section 3.2

- 4.5 Notification of Unauthorized Use or Disclosure. C2 Decrypter shall notify Licensor in writing promptly upon discovery of any unauthorized use or disclosure of 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.
- 4.6 Disclosure of C2 Decrypter Status. Licensor shall have the right to disclose to third parties the fact that C2 Decrypter has executed a C2 Decryption License Agreement and shall publish a list of C2 Decrypters at least once per quarter. Upon C2 Decrypter's timely written request to Licensor, Licensor shall maintain the fact that C2 Decrypter has obtained a license to decrypt the C2 Cipher confidential until such time that C2 Decrypter has publicly announced that it intends to manufacture a C2 Decryption Licensed Component or a C2 Decryption Licensed Product or has begun marketing such a component or product, whichever is earliest. In the event that C2 Decrypter exercises this option, C2 Decrypter shall promptly notify Licensor when it has publicly announced its product plans or begins marketing a C2 Decryption Licensed Product or C2 Decryption Licensed Component.
- 4.7 Disclosure Required By Law. In the event C2 Decrypter is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Confidential Information, (1) C2 Decrypter 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, C2 Decrypter 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, C2 Decrypter 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.
- 4.8 Confidentiality Exceptions. The confidentiality restrictions also shall not apply to Confidential Information which C2 Decrypter can demonstrate (1) is or has been developed by C2 Decrypter 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 C2 Decrypter, 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, or Content Providers, C2 Decrypters, or a Fellow C2 Decrypter; (3) at the time of its disclosure by Licensor to C2 Decrypter, was already in C2 Decrypter's possession without obligation of confidence; or (4) was disclosed by Licensor to another party without obligation of confidentiality.

- 4.9 Confidentiality Period. The confidentiality obligations set forth in this Section 3 shall be in effect during the term of this Agreement and shall continue thereafter until five (5) years after termination of this Agreement.
- 4.10 Reverse Engineering. Under no circumstances shall C2 Decrypter reverse engineer, reverse translate, decompile, disassemble, or otherwise seek to determine the operation of any element of Confidential Information or allow another to do so. C2 Decrypter may, to the minimum extent necessary to test, debug, integrate or tune its own C2 Decryption Licensed Product or C2 Decryption Licensed Component to ensure that they work in their intended operational environment with other C2 Decryption Licensed Products or C2 Decryption Licensed Components, conduct compliance or electrical analyses with respect to the operation of other C2 Decryption Licensed Products or C2 Decryption Licensed Components that form part of such intended operational environment.
- 4.11 Export. C2 Decrypter 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, (including export activities under Section 2.1), and shall obtain any approval required under such laws and regulations whenever it is necessary for such export or re-export. C2 Decrypter 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.
- 4.12 Treatment. Any materials marked "Confidential" shall be deemed to be "Confidential Information" under this Agreement.

5. TERM/TERMINATION

- 5.1 Termination. This Agreement shall commence upon the Effective Date and shall continue until terminated in accordance with any of the following events:
- 5.1.1 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 C2 Decrypter 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) C2 Decrypter provides at least thirty (30) days’ written notice to Licensor; or (b) Licensor provides at least one hundred and eighty (180) days’ notice to C2 Decrypter, in either event in accordance with the terms of the Agreement, of its intention not to renew the Agreement for a subsequent Renewal Term.
- 5.1.2 Termination by C2 Decrypter.
- 5.1.2.1 C2 Decrypter shall have the right to terminate this Agreement at any time upon ninety (90) days prior written notice to Licensor and Founders.
- 5.1.2.2 C2 Decrypter shall have the right to immediately terminate this Agreement if the Licensor increases the Maximum Fee per Authorized Use pursuant to § 3.2 of this Agreement or makes any material change to the C2 Specifications. In the event C2 Decrypter chooses to terminate this Agreement due to any material change to the C2 Specifications any covenant in Section 2.6 not to assert C2 Necessary Claims shall apply only to C2 Necessary Claims that read on the last version of the C2 Specifications which has been provided to C2 Decrypter and is in existence

sixty (60) days prior to C2 Decrypter's termination of the Agreement.

- 5.1.3 **Breach.** Licensor may terminate this Agreement and Founders may terminate any license to C2 Necessary Claims for any material breach by C2 Decrypter, and C2 Decrypter 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.
 - 5.1.4 **Avoidance of Legal Liability.** Licensor may terminate this Agreement and Founders may terminate any licenses to C2 Necessary Claims and/or convert such licenses to reciprocal covenants not to assert C2 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 C2 Decrypters by providing thirty (30) days prior written notice to C2 Decrypters.
 - 5.1.5 **Necessary Claim.** Licensor and Founders may terminate this license immediately if C2 Decrypter asserts or threatens to assert against any 4C Technology Licensee, Licensor or Founders (or its Affiliates) any C2 Necessary Claim or any Necessary Claim as that term is defined in any 4C Technology License Agreement. For purposes of this Section, "4C Technology Licensee" means an entity that has entered into a 4C Technology License Agreement with Licensor and Founders for the purpose of obtaining a license to some or all of the 4C Technology.
- 5.2 **Effect of Termination.** Upon termination or expiration of this Agreement, C2 Decrypter shall promptly cease use of the C2 Cipher, and cease all manufacture, sale or distribution of products authorized by this Agreement. Provided that, if the Agreement expires or is terminated for reasons other than an uncured breach by C2 Decrypter, C2 Decrypter shall be entitled to a ninety (90) day sell off period for C2 Decryption Licensed Products and C2 Decryption Licensed Components (subject to Section 2.1), manufactured prior to the expiration or termination of the Agreement. Licenses to C2 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, C2 Decrypter shall return all 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 C2 Decrypter.

- 5.3 Survival. The Reciprocal Non-Assertion Covenant (Section 2.6) 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.

6. **DISCLAIMER & LIMITATION ON LIABILITY**

- 6.1 Generally. The following terms limit the ability of the C2 Decrypter to recover any damages from Licensor or the Founders in excess of fees actually paid to the Licensor by C2 Decrypter. 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 C2 Necessary Claims to C2 Decrypter.
- 6.2 Disclaimer. ALL INFORMATION, INCLUDING THE C2 CIPHER AND THE C2 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 C2 SPECIFICATIONS, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.
- 6.3 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”) SHALL BE LIABLE TO C2 DECRYPTER FOR ANY DIRECT, 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, (INCLUDING DESIGNING AND DEVELOPING), HAVING MADE (INCLUDING HAVING DESIGNED OR HAVING DEVELOPED BY THIRD PARTIES ON A SUBCONTRACT BASIS FOR THE SOLE ACCOUNT OF C2 DECRYPTER), OFFERING TO SELL, LEASE, SELLING OR IMPORTING, EXPORTING OR OTHERWISE TRANSFERRING ANY PRODUCTS OF C2 DECRYPTER THAT IMPLEMENT

CONFIDENTIAL INFORMATION OR THE C2 CIPHER OR C2 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 C2 DECRYPTER IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE FEES PAID BY C2 DECRYPTER TO LICENSOR HEREUNDER.

- 6.4 C2 Decrypter acknowledges that it may require a license under patent claims other than C2 Necessary Claims licensed by a Founder under Section 2.1 or which are the subject of the non-assertion covenant by Fellow C2 Decrypters under Section 2.6, to make, have made, use, import, offer to sell, sell, import, export, lease, distribute or otherwise transfer C2 Decryption Licensed Products or C2 Decryption Licensed Components.

7. REMEDIES

- 7.1 Indemnification for Wrongful Acts of C2 Decrypter. C2 Decrypter 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 C2 Decrypter, its Affiliates and its or their employees and agents.
- 7.2 Device Inspection. Licensor may acquire products on the open market for examination. If requested, C2 Decrypter 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 C2 Decrypter'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. C2 Decrypter may, at its option, provide further information.

7.3 Equitable Relief. C2 Decrypter 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.

7.4 Damages Measures and Limitation. The parties agree that it may be impossible to estimate the amount of damages in the event of certain breaches. C2 Decrypter agrees that in the event of those material breaches by C2 Decrypter described below in Sections 7.4.1-7.4.3, 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 7.4, a series of substantially related events shall constitute a single material breach.

7.4.1 Material Breach of Confidentiality Provisions. In the event of a material breach of the Confidentiality Provisions set forth in Section 4 of this Agreement, C2 Decrypter shall be liable for one million dollars. For purposes of this Section 7.4.1 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 4C Technology, including but not limited to Fellow Decrypters and Content Providers or constitute a threat to the integrity or security of the 4C Technology. 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 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 C2 Decrypter 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 4C Technology; or (3) if C2 Decrypter 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 4C Technology.

7.4.2 Material Breach of Robustness Rules. In the event of a material breach that involves the manufacture or distribution of devices or software that fail to protect 4C Technology as provided by the applicable Robustness Rules, C2 Decrypter shall be liable in an amount equal to its profits on such devices or software, and in no event less than one million dollars.

- 7.4.3 Other Material Breaches. In the event of a material breach that involves any other provision of this Agreement, C2 Decrypter shall be liable in an amount equal to its profits on the affected devices or software, and in no event more than one million dollars.
- 7.5 Third Party Beneficiary Rights. The parties agree that C2 Decrypter's compliance with the terms and conditions of this Agreement is essential to maintain the value and integrity of the 4C Technology. As part of the consideration granted herein, a C2 Decrypter licensed under Section 2.1 agrees that each Content Provider that (1) distributes Commercial Content in commercial quantities in a form protected by the C2 Cipher pursuant to a 4C Technology License Agreement, and (2) is in compliance with all of the material terms and conditions of any license which it has entered with 4C (an "Eligible Content Provider"), shall be a Third Party Beneficiary of this Agreement and shall be entitled to bring a claim or action to enforce certain rights against C2 Decrypter in accordance with the procedures set out in this Article 7, with respect to C2 Decrypter's implementation of the C2 Cipher, so long as Content Provider is an Eligible Content Provider with respect to any product that receives, transmits or plays data in a format protected by the C2 Cipher. Such rights will be limited to seeking injunctive relief against the manufacture, distribution, commercial use and sale of C2 Decrypter's products that are in material breach of the Robustness Rules, and against disclosure of Confidential Information, in breach of this Agreement, that materially and adversely affects the integrity of the C2 Cipher or the security of Commercial Content owned or controlled by the Content Provider. The Eligible Content Provider in any action brought under this Section 7.5 shall additionally be entitled to an award of its reasonable attorneys fees incurred in relation to the Third Party Beneficiary Claim in an amount to be fixed either pursuant to stipulation by the parties to a given case or the court provided that (a) the Eligible Content Provider, establishes by clear and convincing evidence that the C2 Decrypter has disclosed Confidential Information and (b) the court in its discretion may elect to make no award of attorneys fees in any given case, and in any event, shall be limited to an award of no more than \$1 million; and (c) no award of attorneys fees shall be available against any Founder.
- 7.6 Procedures for Third Party Beneficiary Claims. Prior to initiating any Third Party Beneficiary claim, the party seeking to institute such a claim shall provide Licensor written notice of its intent to pursue such a claim. Such Third Party Beneficiary shall likewise provide Licensor notice of the actual filing of any Third Party Beneficiary claims, and shall at Licensor's request provide copies of material documents to be filed in such Third Party Beneficiary's initiation, institution or pursuit of such Beneficiary claim. Licensor shall offer reasonable cooperation to such Third Party

Beneficiary in providing appropriate and necessary information in connection with the beneficiary claim to the extent that such cooperation is consistent with protecting the integrity and security of the 4C Technology and does not otherwise interfere with Licensor's obligations to other Content Providers licensed under a 4C Technology License Agreement. Third Party Beneficiaries shall not be obligated to provide copies of documents filed or to be filed under seal. Licensor shall have the option of requiring that any information or documents provided by Licensor, Founders, or Fellow C2 Decrypters to Third Party Beneficiary be filed under seal. Documents provided to Licensor under the procedures set out herein shall not include any documents filed or to be filed under seal in connection with such Beneficiary claim.

- 7.7 Joining Third Party Beneficiary Claims. Licensor shall provide timely notice to all Content Providers licensed under a 4C Technology License Agreement of receipt of any notice of a Beneficiary Claim against a defendant ("Defendant"). Within 30 days of the date of mailing of such notice, all Content Providers licensed under a 4C Technology License Agreement shall elect whether to join the Beneficiary Claim and provide notice of intent to join such Beneficiary Claim to Licensor. The failure to provide notice to Licensor and to move to join such Beneficiary Claim within the allotted thirty (30) day period shall be deemed a waiver of Content Provider's Third Party Beneficiary right under this Agreement with respect to all Beneficiary Claims against Defendant arising out of the alleged breach asserted by Third Party Beneficiary. The Third Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to so join provided it is instituted within the 30 day period following mailing of notice of a Beneficiary Claim. Judgment entered upon such Beneficiary Claims shall be binding on all Content Providers who received notice from Licensor as if they had joined such Beneficiary Claim. Neither a Content Provider's failure to notify and consult with Licensor, nor Licensor's failure to give notice to any Content Provider in accordance with these Third Party Beneficiary procedures shall be a defense to any Beneficiary Claim or grounds for a request to delay the granting of preliminary relief requested.
- 7.8 Settlement of Third Party Beneficiary Claims. Third Party Beneficiaries shall have no right to enter into any settlement that: (1) amends any material term of this Agreement or any 4C Technology License Agreement that Content Provider has entered; (2) has an adverse effect on the integrity and/or security of the 4C Technology; or (3) adversely affects or lowers the value of any of 4C's or the Founder's rights in and to the 4C Technology or any intellectual property right related to it (embodied therein) unless 4C and the Founders shall have provided prior written consent thereto.

7.9 No Limitation of Remedies. A Third Party Beneficiary's exercise of its Third Party Beneficiary rights under this Section 7 shall not constitute an election against any statutory or other extra-contractual remedy against C2 Decrypter such as an action for infringement of copyright, which may be available to the Third Party Beneficiary for the same act that gave rise to the Third Party Beneficiary Claim.

8. MISCELLANEOUS

- 8.1 Ownership. All Confidential Information, copyrighted or patented information, and media containing any of the above as provided by Licensor to C2 Decrypter shall remain the property of Licensor, the Founders, or their suppliers. Except as expressly provided herein, this Agreement does not give C2 Decrypter any license or other rights to any information provided under this Agreement.
- 8.2 Entire Agreement. This Agreement, the exhibits hereto and the C2 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 by written agreement dated subsequent to the date of this Agreement and signed by all parties.
- 8.3 Assignment. The rights and licenses granted to C2 Decrypter by this Agreement are personal to C2 Decrypter and shall not be assigned or otherwise transferred except: (1) with the written approval of 4C and with respect to C2 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 C2 Decrypter; or (3) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of C2 Decrypter or of all or substantially all of the outstanding capital stock or assets and obligations of the business unit of C2 Decrypter that is making use of the 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 and conditions and to assume all of the duties and obligations of this Agreement and to grant all of the rights granted by C2 Decrypter (including the non-assertion covenant under Section 2.6) as if it had been named in lieu of the C2 Decrypter in this agreement originally. 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 C2 Decrypter with written notice of such assignment or transfer.

- 8.4 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.
- 8.5 Governing Law. THIS AGREEMENT, AND ALL THIRD PARTY BENEFICIARY CLAIMS BROUGHT PURSUANT TO IT, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE UNITED STATES OF AMERICA AND THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE.
- 8.6 Consent to Jurisdiction. IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO OR IN CONNECTION WITH ANY THIRD PARTY BENEFICIARY CLAIM 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 § 8.7 BELOW. THE PARTIES AGREE TO WAIVE A JURY TRIAL ON ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.
- 8.7 Agent. C2 DECRYPTER 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 EFFECTIVE DATE.
- 8.8 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.
- 8.9 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.

SO AGREED AS OF THE DATE FIRST ABOVE WRITTEN.

This Agreement may be executed in multiple counterparts.

4C:	C2 Decrypter:
By: _____	By: _____
Name: Jacob Pak	Name: _____
Title: Manager	Title: _____

Addresses for notices

4C Entity, LLC: 380 Tennant Ave., Unit 4 Morgan Hill, California 95037	C2 Decrypter: _____ _____
--	---------------------------------

The parties below sign for purpose of agreeing to all Sections of this Agreement except for Sections 3, 7.2, 7.7 and 7.9.

International Business Machines Corp.
New Orchard Road
Armonk, New York 10504

Intel Corporation
2200 Mission College Boulevard
Santa Clara, California 95052

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

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

Panasonic Intellectual Property
Corporation of America
One Panasonic Way
Secaucus, New Jersey 07094

Toshiba America Information Systems, Inc.
9740 Irvine Boulevard
Irvine, California 92618

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

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

EXHIBIT “A”

FEE SCHEDULE

I. Annual Administration Fees:

\$ US 6000

As provided in Section 3.1 of this Agreement, Administration Fees are used to offset the costs associated with the Licensor’s administration of the 4C Technology. As a result, the Administration Fees may vary in subsequent years due to an increase or decrease in Licensor’s administrative costs.

II. Unit Fees

\$.02 per unit produced (either a C2 Decryption Licensed Component or a C2 Decryption Licensed Product) except that the unit fee for any C2 Decryption Licensed Component or C2 Decryption Licensed Product is 0 (zero) where C2 Adopter is an Adopter under the 4C CPRM-CPPM License Agreement and C2 Adopter, pursuant to the 4C CPRM-CPPM License Agreement, is separately paying a unit fee for a Device Key for that particular C2 Decryption Licensed Component or C2 Decryption Licensed Product.

Maximum Fee per Authorized Use -- \$50,000 per year

NOTE: Pursuant to Section 3.2 of this Agreement, 4C Entity, LLC expects to, and reserves the right to, increase the Maximum Fee per Authorized Use for any year after the first year that this Agreement is in effect.

III. Administrative Provisions

1. Withholding from Payments.

Any fees paid by the C2 Decrypter 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, C2 Decrypter 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 Founders to claim relevant tax credits under applicable treaties. Adopter assumes full responsibility for remitting such withholding to the proper authority.

2. Routing of Payments.

As provided in Section 3.4, 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 Ave., Unit 4, Morgan Hill, CA 95037.

3. Payment Terms

C2 Decrypter will be invoiced for fees at the time its order is received. All fees are due and payable prior to shipment of orders.

4. Recordkeeping and Audits.

4C shall have the right to audit C2 Decrypter's records as provided in Section 3.2 of this Agreement for purposes of determining the sufficiency of any payments hereunder.

EXHIBIT “B”

AUTHORIZED USES

The following uses of the C2 Cipher constitute Authorized Uses, pursuant to § 1.4 of the Agreement.

(1) HDD Recorder with Secure Digital Connection. The C2 Cipher is authorized to be used to decrypt Commercial Content for the purpose of playback of Commercial Content that is received through a Secure Digital Connection and stored on a hard disc drive recorder, where such Commercial Content has been encrypted with the C2 Cipher using an encryption protocol that uniquely associates said Commercial Content with the receiving device such that it cannot be played on another device.

(2) eSTB Devices. The C2 Cipher is authorized to be used to decrypt Commercial Content for the purpose of playback of Commercial Content received by an eSTB Device and stored on a hard disc drive, in accordance with the specification entitled “ePF Service System” that is jointly owned by Hitachi, Ltd., Panasonic and Toshiba, where such Commercial Content has been encrypted with the C2 Cipher using an encryption protocol that uniquely associates said Commercial Content with the receiving device such that it cannot be played on another device.

(3) HDD Recorder adopting the BCAS Conditional Access System. The C2 Cipher is authorized to be used to decrypt Commercial Content for the purpose of playback of Commercial Content that is received through the BCAS Conditional Access System and stored on a hard disc drive recorder, where such Commercial Content has been encrypted with the C2 Cipher using an encryption protocol that uniquely associates said Commercial Content with the receiving device such that it cannot be played on another device.

(4) HDD Recorder with one or more secure recordable media. The C2 Cipher is authorized to be used to decrypt Commercial Content for the purpose of the playback of Commercial Content that is stored on a hard disc drive recorder, where the product containing such hard disc drive recorder is also a CPRM Licensed Recorder or a D-VHS recorder licensed pursuant to the JVC D-VHS format license, where such Commercial Content has been encrypted with the C2 Cipher using an encryption protocol that uniquely associates said Commercial Content with the receiving device such that it cannot be played on another device, and provided that the hard disc drive recorder is treated, with respect to copy protection rules, as if it were a Participating Recorder under the CPRM Compliance Rules or as if it were a D-VHS recorder under the JVC D-VHS format license. To the extent that capitalized terms in this paragraph are not defined in this Agreement, they shall have the meanings contained in the 4C CPPM/CPRM License Agreement or the JVC D-VHS format license, as applicable.

(5) SDAIR Cellular Telephone EMD. The C2 Cipher is authorized to be used to decrypt Commercial Content that has been encrypted with the C2 Cipher, transmitted

through the SDAIR EMD System, and received through a cellular telephone tested and approved by DDI Pocket, Inc., to receive and decrypt such Commercial Content in accordance with the SDAIR Specifications, where the C2 encryption protocol uniquely associates said Commercial Content with said cellular telephone such that the Commercial Content cannot be decrypted on another device.

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

(1) “BCAS Conditional Access System” means a conditional access system widely used for BS digital TV broadcasting system in Japan utilizing a BCAS Card provided by BS Conditional Access Systems, Co., Ltd., according to the terms and conditions of the BCAS Card Usage Agreement, that is capable of receiving Commercial Content.

(2) “CPRM Licensed Recorder” means a recorder manufactured under the Adopter Agreement from 4C Entity, LLC, that is authorized to use the CPRM Technology to receive and record Commercial Content and that is compliant with the requirements of the Adopter Agreement.

(3) “eSTB Device” means a set top box, product, licensed by ep Corporation, through a have made contract or a license contract, that is capable of receiving Commercial Content and storing such Commercial Content on a hard disc drive recorder in accordance with the specification entitled "ePF Service System" which is jointly owned by Hitachi, Ltd., Panasonic and Toshiba.

(4) “Secure Digital Connection” means a digital interface, including but not limited to IEEE 1394, USB, and MOST which incorporate DTCP or other similar secure digital transmission mechanism which 4C may specify from time to time, where such other secure digital transmission mechanism is accompanied with adequate Compliance Rules and Robustness Rules.

(5) “SDAIR EMD System” means the electronic music distribution system called "SDAIR" which is operated on the cellular telephone network of DDI Pocket, Inc., a Japanese cellular telephone service company, by Music.co.jp, a Japanese EMD service company, in accordance with the specifications entitled "SDAIR Specifications". SDAIR is offered as part of DDI Pocket's electronic music distribution service called "Sound Market".

EXHIBIT “C”

C2 DECRYPTER ROBUSTNESS RULES

1. CONFIDENTIAL INFORMATION.

- 1.1 C2 Decryption Licensed Products shall be designed and manufactured such that they shall resist attempts to discover Confidential Information such as the Secret Constant.
- 1.2 The characteristics set forth in Section 1.1 shall be implemented so that it is reasonably certain that they:
 - 1.2.1 Can only with difficulty be defeated or circumvented using Widely Available Tools. “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.

2. HIGHLY CONFIDENTIAL INFORMATION.

- 2.1 C2 Decryption Licensed Products shall be designed and manufactured such that they shall resist attempts to discover or reveal keys or secret intermediate calculated cryptographic values used by the C2 Cipher, or other information that C2 Decrypter designates as highly confidential information or that C2 Decrypter has obtained from a third party where the third party has designated such information as requiring greater protection than that provided for Confidential Information.
- 2.2 Methods of Making Functions Robust. C2 Decryption Licensed Products 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:
 - 2.2.1 **Robustness Requirements Applicable to Software Implementations.** Any portion of a C2 Decryption Licensed Product that implements C2 decryption in software shall include all of the characteristics set forth in Sections 1 and 2.1 of these Robustness Rules. In addition, such implementations shall:
 - 2.2.1.1 Comply with Section 2.1 of these 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.

2.2.1.2 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 2.1 of this Exhibit B. 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 than the use of signed code.

2.2.2 Robustness Requirements Applicable to Hardware Implementations. Any portion of the C2 Decryption Licensed Product that implements C2 decryption in hardware shall include all of the characteristics set forth in Sections 1 and 2.1 of these 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 2.2.2 and 2.2.3. If, however, the software implementation relies on hardware or any hardware component to satisfy these Robustness Rules, then such hardware or hardware component shall be governed by the robustness rules set forth herein for hardware implementations. In addition, such C2 Decryption Licensed Product shall:

2.2.2.1 Comply with Section 2.1 of these Robustness Rules by reasonable means including, but not limited to embedding keys or secret intermediate calculated cryptographic values used by the C2 Cipher, or other information that C2 Decrypter designated as highly confidential information or that C2 Decrypter has obtained from a third party where the third party has designated such information as requiring greater protection than that provided for Confidential Information, in silicon circuitry or firmware which cannot reasonably be read, or the techniques described above for software.

2.2.2.2 Be designed such that attempts to remove or replace hardware elements in a way that would compromise the content protection features of the C2 technology would pose a serious risk of damaging the C2 Decryption Licensed Product so that it would no longer be able to decrypt Commercial Content. By way of

example, a component which is soldered rather than socketed may be appropriate for these means.

2.2.2.3 Be designed such that the failure of a function related to decryption as defined and required in the C2 Specifications would cause the product to no longer be able to decrypt Commercial Content.

2.2.3 Robustness Requirements Applicable to Hybrid Implementations. The interfaces between hardware and software portions of a C2 Decryption Licensed Product 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 that would be provided by a pure software implementation.

3. NEW CIRCUMSTANCES

If a C2 Decryption Licensed Product 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 C2 Decryption Licensed Product to fail to comply with these Robustness Rules ("New Circumstances"), then upon having reasonable notice of such New Circumstances, the developer of such C2 Decryption Licensed Product shall promptly redesign the affected C2 Decryption Licensed Product(s) or make available upgrades to its affected C2 Decryption Licensed 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 C2 Decryption Licensed Product(s), cease manufacturing such C2 Decryption Licensed Product(s) and cease selling such C2 Decryption Licensed Product(s).

4. EXAMINATION/INSPECTION

C2 Decrypter agrees that, under reasonable terms and upon notice given by any Eligible Content Provider that such Eligible Content Provider reasonably and in good faith believes that a particular model or version of a C2 Decryption Licensed Product designed or manufactured by C2 Decrypter does not comply with these Robustness Rules, such Eligible Content Provider may designate an independent expert acceptable to C2 Decrypter (which acceptance shall not be unreasonably withheld) to inspect the details necessary and sufficient to determine whether C2 Decrypter's C2 Decryption Licensed Product is in compliance with these Robustness Rules. Such inspection shall be at the Eligible Content Provider's expense and shall be conducted at mutually convenient times. By way of example, "details necessary and sufficient" (as used in the sentence above) include the executable object code, functional design diagrams, examples of the product, or block diagrams but shall not include the source code, the Verilog Hardware Description Language ("VHDL") or similar highly

confidential information. Beyond providing access to the aforementioned details, C2 Decrypter's active participation in such inspection shall be voluntary. C2 Decrypter shall not be precluded or estopped from challenging the opinion of such expert in any forum. Nothing in this paragraph shall limit the role or testimony of such expert, if any, in a judicial proceeding under such protective orders as a court may impose. This provision may not be invoked more than once per implementation, model or version, except to the extent that one or more Eligible Content Providers are re-inspecting such implementation, model, or version that has been revised in an effort to cure any alleged failure of compliance. For purposes of this Section 6, "reasonable terms" shall include, at a minimum, execution of non-disclosure agreements that (x) are applicable to Eligible Content Provider and any independent expert retained by Eligible Content Provider pursuant to this Section, (y) are acceptable to C2 Decrypter and Eligible Content Provider, and (z) provide protections for Confidential Information relating to the 4C Technology that are no less stringent than those provided for in this Agreement.