

**4C CPPM DIGITAL AUDIO
CONTENT PARTICIPANT AGREEMENT**

This Content Participant Agreement (the "Agreement") is effective as of _____ (the "Effective Date") by and between: 4C Entity, LLC, a Delaware limited liability company ("4C" or "Licensor"); the Founders and the entity which is named immediately below (the "Content Participant"):

Name of Content Participant: .
Location of Principal offices:
State (U.S.) or Country of Incorporation:

W I T N E S S E T H :

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 copying (collectively the "4C Technology"), which methods are described in the specifications entitled Content Protection for Prerecorded Media Specification, and C2 Block Cipher Specification (the "Specifications").

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 through this Agreement.

WHEREAS, Content Participant wishes to have the right to use the 4C Technology to protect its copyrighted digital audio recordings and to obtain certain other rights, including but not limited to certain rights to seek expiration of Device Keys (defined below) as may be granted to Content Participant hereunder;

WHEREAS, Content Participant has agreed to comply with all obligations set out herein;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein, and other good and valuable consideration, the parties hereto hereby agree as follows:

1. DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

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, provided that Adopter Affiliates which wish to distribute Digital Audio Content or Digital Video Content may only do so pursuant to a Content Participant Agreement.

1.2 "Adopter Agreement" means any CPPM/CPRM License Agreement (including its Compliance Rules) entered into by Licensor, Founders and an Adopter for the use of 4C Technology in Licensed Products and/or Licensed Components for the protection of Digital Audio Content in the form attached hereto as Exhibit B, 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 that directly or indirectly Controls, is Controlled by or under direct or indirect common Control with such person or entity. "Control" means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for the election of the Board of Directors or similar managing authority.

1.4 "Compliance Rules" means the technical requirements set out in each Adopter Agreement, in the form attached hereto as Exhibit B-1 and B-2 and the Robustness Rules set out in Exhibit C hereto, as such may be amended from time to time in accordance with the terms of the Adopter Agreement and this Agreement.

1.5 "Compliant Product" refers to a product which is in compliance with all applicable Compliance Rules.

1.6 "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 Content Participant directly by 4C or its designees or representatives, or by any Fellow Content Participant or 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, provided, however, that Secret Constants shall be treated as confidential regardless of whether or not they are marked "Confidential."

1.7 "Content Participant" means an entity that has executed a Content Participant Agreement in order to use the 4C Technology to protect its copyrighted Digital Audio Content and to obtain certain other rights, and shall include its Affiliates, provided that Content Participant Affiliates which wish to become Adopters may only do so by entering into an Adopter Agreement.

1.8 "Content Participant Agreement" means this Agreement and any other Agreement entered into by Licensor, Founders and a provider of Digital Audio Content that includes substantially similar licensing and covenant provisions to this Agreement and is called a Content Participant Agreement by 4C.

1.9 "CPPM Technology" means the methods for encryption, decryption and renewability developed by the Founders for use with prerecorded media ("CPPM").

1.10 "CPRM Technology" means the methods for local encryption, decryption and renewability developed by the Founders for use with recordable media ("CPRM").

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

1.12 "Digital Audio Content" means sound recordings, as defined in 17 U.S.C. § 101, owned by a Content Participant, or works which may only be reproduced, distributed, transmitted or performed with the authorization of Content Participant.

1.13 "Digital Video Content" means audiovisual works, as defined in 17 U.S.C. §101, owned by a Content Participant, or which may only be reproduced, distributed, transmitted, or performed with the authorization of a Content Participant.

1.14 "Expiration Information" means information distributed to Content Participants by or under the direction of Licensor for purposes of distributing such information with prerecorded Digital Audio Content in order to (i) expire one or more Device Keys or (ii) upgrade devices whose Device Keys have been expired.

1.15 "Fellow Content Participant" means Content Participant and any other entity that enters into an agreement with Licensor and Founders substantially in the form of this Agreement, and shall include its Affiliates.

1.16 "Founders" means International Business Machines Corporation ("IBM") Intel Corporation ("Intel"), Panasonic Corporation ("Panasonic"), and Toshiba Corporation ("Toshiba").

1.17 "Licensed Component" means a component, such as an integrated circuit, circuit board, or software module that is manufactured under license from 4C, which is designed to be, and which is assembled into a Licensed Product, and which embodies a portion of the Specification, but which does not completely satisfy the Compliance Rules.

1.18 "Licensed Products" means a product that is manufactured under license from 4C and meets the criteria immediately below. A disc encoded with CPPM which meets the criteria immediately below is a Licensed Product:

1.18.1 embodies the designs set out in one or more of the Specifications,

1.18.2 is a Compliant Product, and

1.18.3 is designed for the playback and/or recording of Digital Audio Content.

1.19 “Major Labels” means Warner Music Group, EMI Music, Universal Music Group, Sony Music Entertainment, and BMG Entertainment, provided that if the proposed merger of Warner Music Group and EMI Music occurs, only the surviving entity of such a merger shall be a Major Label for purposes of the rights granted to Major Labels in section 3.7 of this Agreement.

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

1.21 “Necessary Claims” means those claims of patents or patent applications, under which any Founder, Adopter or any Fellow Adopter, any Content Participant or any of their respective Affiliates have 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 Licensed Products and Licensed Components which implement the 4C Technology solely to the extent disclosed with particularity in the Specifications. With respect to the license grant from Founders contained in Section 2.1.1 of this Agreement, 4C Technology disclosed with particularity specifically include (1) the C2 block cipher algorithm, including code written in the C programming language, described in C2 Block Cipher Specification; (2) the C2 One-way Function described in Content Protection for Pre-recorded Media Specification Introduction and Common Cryptographic Elements; and (3) placement of Media Key Block (formatted as described in Content Protection for Pre-recorded Media Specification Introduction and Common Cryptographic Elements) and Album Identifier on DVD-ROM discs containing CPPM protected DVD-Audio content, and CPPM encryption of the Encryptable Packs of such content, described in Content Protection for Pre-recorded Media Specification DVD Book. Notwithstanding anything else in this Agreement, “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 Specifications or is not itself part of the 4C Technology, 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 Specifications), or tamper resistance technology; (2) claims which could be practiced in an implementation of a Licensed Product or Licensed Component in compliance with the Specifications where an alternative implementation exists that would not infringe such claim (even if in the same patent as Necessary Claims); (3) claims that read solely on any implementations of any portion of the 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.

1.22 “Optional” means, with reference to the Specifications, any part of such Specifications specifically identified as “Optional.”

1.23 “Party” means a party to this Agreement.

1.24 "Related Content" means content, other than Digital Audio Content, carried on a digital audio disc or other prerecorded digital media and may include by way of example and not of limitation, music videos, lyrics, graphics, liner notes, interviews with or statements by the artists.

1.25 "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.

1.26 "Specifications" means the specifications entitled Content Protection for Prerecorded Media Specification and C2 Block Cipher Specification as published by 4C Entity, LLC as may be amended from time to time.

1.27 "Encoding Rules" refer to the circumstances in which a Content Participant is licensed to use the 4C Technology to inhibit copying by consumers or others.

1.28 "Supported Watermark for Audio" means the Verance-4C Audio Watermark as described in the technical specification entitled Aris/Solana-4C.

2. LICENSES

2.1 License to Use 4C Technology. Subject to the Content Participant's compliance with the terms and conditions of this Agreement, including but not limited to payment of all fees required hereunder, and the scope of use set forth in Section 2.3:

2.1.1 each Founder (or its Affiliate which has a right to sublicense the Necessary Claims) grants to Content Participant, and Content Participant accepts from each Founder (or such Affiliate), a nonexclusive, nontransferable, nonsublicenseable, revocable (in accordance with the Termination provisions in Sections 3.7(d) and 8), worldwide license under the Necessary Claims of the Founders to use and implement the 4C Technology to develop, design, manufacture, (including having third parties manufacture on a subcontract basis for the sole account of the Content Participant), sell, offer to sell, reproduce, modify, distribute, display, perform, import, export, license, or otherwise transfer Licensed Products for the sole purpose of using 4C Technology to protect prerecorded Digital Audio Content and Related Content in connection with the playback and recording of such Digital Audio Content and Related Content; and

2.1.2 Licensor grants to Content Participant and Content Participant accepts from Licensor a nonexclusive, nontransferable, nonsublicensable, revocable (in accordance with the Termination provisions in Sections 3.7(d) and 8), worldwide license under those trade secrets and copyrights embodied in the Specifications, to use or cause 4C Technology to be used to protect prerecorded Digital Audio Content and Related Content in connection with the playback and recording of such Digital Audio Content and Related Content (including by having third parties manufacture on a subcontract basis for the sole account of Content Participant prerecorded digital audio media implementing the CPPM Technology);

provided that such licenses (and/or sublicenses) granted in Section 2.1 shall not extend to Content Participant if Content Participant is in violation of Section 2.2.

2.2 Reciprocal Non-Assertion Covenant. Content Participant, on behalf of itself and its Affiliates, promises not to assert or maintain against Founders, Licensor, any Fellow Content Participant or Affiliate thereof, or any Adopter, vendor, distributor, purchaser or other person in the chain of distribution for the development, design, manufacture (including having manufactured and/or having designed), use, distribution, offer to sell, sale, import, export, lease or other transfer of Licensed Products or Licensed Components, and, as to Founders and Licensor, acts reasonably necessary to making the 4C Technology available to Adopters and Content Participants any claim of infringement under its or their respective Necessary Claims as well as under any trade secrets or copyrights embodied in the Specification, and accepts Adopters' and Fellow Content Participants' promise not to assert or maintain any claim of infringement under its or their Necessary Claims, as well as under any trade secrets or copyrights embodied in the Specification, with respect to (i) in the case of Adopters, the development, design, manufacture, use, reproduction, modification, distribution, display, performance, sale, offer to sell and import, export, lease or other transfer, of Licensed Products or Licensed Components, provided that such promise only applies to those portions of such Licensed Product or Licensed Component which are required for compliance with the Specifications and which cannot be implemented without infringing (but for this covenant) the Necessary Claims (ii) in the case of Fellow Content Participants, the causing of 4C Technology to be used to protect Digital Audio Content or Related Content and further provided that such promise shall not extend to any entity that is asserting Necessary Claims against Content Participant if Content Participant has not breached the terms of this Agreement. This section applies whether another entity has become a Fellow Content Participant or Adopter before or after Content Participant signs this Agreement.

2.3 Scope of Use. The licenses under this Section 2 shall extend for the use of CPPM for the protection of Digital Audio Content or Related Content in compliance with the rules set forth in CPPM Compliance Rules and solely to the extent disclosed with particularity in the Specifications.

2.4 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 Specifications), (3) tamper resistance technology; (4) aspects of any technology, codec, standard or product not disclosed with particularity in the Specifications or that are Optional under the Specifications; even though such technology, codec, standard or product may be mentioned in, or required by the Specifications or 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.

2.5 Proper Use. Content Participant shall not use Confidential Information provided under this Agreement, nor produce or sell products under color of this Agreement where such products are designed or may be used to circumvent the requirements or effectiveness of the Specifications.

2.6 Controlled Entities. Content Participant represents and warrants that it has, or will have, the authority to bind its Affiliates that distribute Digital Audio Content in a form protected by the 4C Technology to the terms of this Agreement.

3. ADDITIONAL RIGHTS GRANTED TO CONTENT PARTICIPANT

3.1 Content Participant User Group. Without limiting the provisions of Section 3.7 addressing material changes in protection or rights, Content Participant shall have the right to participate in a user group consisting of all Fellow Content Participants that choose to become a member of such group (the "Content Participant User Group"). Upon execution of this Agreement, Content Participant shall notify Licensor in writing whether or not Content Participant will be a member of the Content Participant User Group. Content Participant may, by written notice to Licensor, change its status as a member or non-member of the Content Participant User Group. Upon request of the Founders or the Content Participant User Group, Licensor shall undertake to have the Founders meet with, and take into account the views expressed by the Content Participant User Group with respect to (a) the Compliance Rules as of the Effective Date and any future technical or other amendments thereto, and (b) such other matters relating to 4C Technology as Licensor and the members of the Content Participant User Group may agree to discuss.

3.2 Additional Rights for Eligible Content Participants. If Content Participant (a) distributes its Digital Audio Content in commercial quantities, to the general public in a form protected by 4C Technology ("Eligible Content") and (b) is in material compliance with all of the terms and conditions of this Agreement, Content Participant shall be deemed an "Eligible Content Participant" and, as such, shall be entitled to the additional rights set out in Sections 3.3, 3.4, 3.5, 3.7(b) and 3.7(c).

3.3 Right to Seek Expiration. For so long as Content Participant is an Eligible Content Participant, it shall have the right to seek Expiration of Device Keys pursuant to the terms of Section 6.3.

3.4 Content Participant Third-Party-Beneficiary Rights. For so long as Content Participant is an Eligible Content Participant, it shall be a third-party beneficiary of each Adopter Agreement. Each Content Participant that is an Eligible Content Participant shall be entitled to bring a claim or action to enforce rights against an Adopter (such claim or action, together with any third-party-beneficiary claim brought by any other Content Participant Beneficiary, a "Content Participant Beneficiary Claim"), in accordance with Section 10.2, with respect to such Adopter's implementation, during such period, of CPPM and/or CPRM Technology in any product that plays back or records Digital Audio Content available as described in Section 3.2. Provided that the right to bring Content Participant Beneficiary Claims shall be limited to seeking injunctive relief against the manufacture, distribution, commercial use and sale of Adopter's products that are (1) in material breach of the Compliance Rules, and/or (2) against disclosure of Highly Confidential Information and/or Confidential Information, in breach of the Adopter Agreement, that materially and adversely affects the integrity of 4C Technology. Exercise of its Third Party Beneficiary rights under this section shall not constitute an election against any statutory or other extra contractual remedy against an Adopter, which may be

available to Content Participant for the same act which gave rise to the Third Party Beneficiary Claim.

3.5 Enforcement Actions. For so long as Content Participant is an Eligible Content Participant, (i) it shall have the right to communicate with Licensor pursuant to appropriate confidentiality and/or joint defense agreements, with respect to the status of enforcement actions that are brought by Licensor to enforce an Adopter's compliance with its Adopter Agreement and that may reasonably implicate Licensee's Eligible Content and (ii) Licensor shall use commercially reasonable efforts to respond to inquiries from Content Participant with respect to such enforcement actions, subject to any confidentiality obligations that may apply under any Adopter Agreement.

3.6 Content of Adopter Documents. Licensor represents that, as of the date of this Agreement, the Adopter Agreements (including the Interim Adopter Agreement) together with their Compliance Rules are the only documents establishing the rights and obligations of Adopters with respect to the 4C Technology, except (i) the Specifications; and (ii) the Content Participant Agreements (with respect to such third-party beneficiary rights as are granted Adopters thereunder) (collectively the "Operative Protection Agreements"). Note that nothing affecting the licensing of the Supported Watermark for Audio is governed by this Agreement.

3.7 Material Changes in Protection or Rights. With the exception of the Interim Adopter Agreement and versions of any given Specification prior to a 1.0 release, Licensor may make changes to the Operative Protection Agreements, or issue or execute such other documents with respect to 4C Technology, only in accordance with the following provisions:

(a) Licensor shall provide reasonable advance written notice to Content Participant of (1) any change to the Compliance Rules or the following sections of the Adopter Agreement: Sections 1 (Definitions), 2 (Licenses), 3 (Additional Rights), 5 (Confidentiality), 8 (Remedies), 9 (Expiration), and subsections 10.6 (Governing Law), 10.7 (Jurisdiction), and 10.8 (Agent), to the extent that Licensor proposes to (a) change the states, the laws of which will govern the Agreement in subsection 10.6; (b) change the states in which jurisdiction is consented to in subsection 10.7; (c) or allow the appointment of an agent for service of process outside the United States in subsection 10.8; (2) the proposed issuance or execution by Licensor of any other document that would affect the integrity or security of 4C Technology or the rights of Content Participant with respect to 4C Technology; and (3) any material change to version 1.0 or higher of the Specifications affecting Digital Audio Content. Licensor shall, during the second calendar quarter of each year, upon request of Content Participant, make available to Content Participant any changes to the Adopter Agreement not otherwise noticed pursuant to this Section 3.7. If Content Participant objects to any of such changes, Licensor will disclose to Content Participant any similar changes that were made to the remaining Operative Protection Agreements.

(b) For so long as Content Participant is an Eligible Content Participant, it shall have the right to file a written objection to (1) any material and adverse change to the Compliance Rules or the following sections of the Adopter Agreement: Sections 1 (Definitions), 2 (Licenses), 3 (Additional Rights), 5 (Confidentiality), 8 (Remedies), 9 (Expiration), and subsections 10.6 (Governing Law), 10.7 (Jurisdiction), and 10.8 (Agent), to the extent that Licensor proposes to

(a) change the states, the laws of which will govern the Agreement in subsection 10.6; (b) change the states in which jurisdiction is consented to in subsection 10.7; (c) or allow the appointment of an agent for service of process outside the United States in subsection 10.8; (2) any material and adverse change to the Specifications; or (3) the proposed issuance or execution of any other document by Licensor, if, in the view of such Content Participant, such change, issuance or execution would have a material and adverse effect on the integrity or security of 4C Technology or the rights of Content Participant with respect to 4C Technology (each, a “4C Proposed Adverse Action”). Any such objection shall set forth with specificity the alleged material and adverse effects on the integrity or security of 4C Technology or the rights of Content Participant with respect to 4C Technology, and shall be delivered to Licensor no later than fifteen (15) days after the date of service of notice by Licensor pursuant to Section 3.7(a) at the address specified in the notice provisions of this Agreement. In the event Licensor has served such notice to Content Participant by mail, three (3) days shall be added to the prescribed period for filing an objection. Licensor agrees to consider any such objection in good faith. If Licensor rejects such objection, it shall provide prompt written notice thereof to Content Participant that filed a written objection explaining the reasons for such rejection, including the benefits that would be afforded by the 4C Proposed Adverse Action. Absent receipt by Licensor of a written objection from one or more Fellow Content Participants pursuant to this Section 3.7(b), Licensor may take the action described in the notice delivered pursuant to Section 3.7(a).

(c) If (x) Content Participant is a Major Label or has implemented the 4C Technology in at least 500,000 units of media in the previous year and has objected to a 4C Proposed Adverse Action pursuant to Section 3.7(b), (y) objections are raised by Content Participant and a majority of such Fellow Content Participants that are Eligible Content Participants under each of their Content Participant Agreements and that also are Major Labels, or have implemented the 4C Technology in at least 500,000 units of media in the previous year and (z) Content Participant and a majority of such other Fellow Content Participants continue to object to the 4C Proposed Adverse Action notwithstanding communication with Licensor pursuant to Section 3.7(b), then Content Participant and such Fellow Content Participants (the “Arbitrating Content Participants”) shall have the right, within thirty (30) days from service of Licensor’s rejection of such objection pursuant to Section 3.7(b), to initiate an arbitration in accordance with the provisions of this Section 3.7(c).

(i) In such arbitration, the Arbitrating Content Participants shall have the burden of demonstrating, based on the preponderance of evidence, that the 4C Proposed Adverse Action is material and adverse. Changes which only insignificantly diminish the integrity, security or performance of the 4C Technology, or the rights of Content Participants under this Agreement shall not be deemed material or adverse.

(ii) If the Arbitrating Content Participants have carried the burden set forth in Section 3.7(c)(i), then Licensor may not take the 4C Proposed Adverse Action unless Licensor demonstrates, based on the preponderance of evidence, that the 4C Proposed Adverse Action provides a material legal benefit in the form of avoidance of a reasonably perceived potential legal liability to Licensor, Founders or Adopters which cannot practicably be achieved except by taking the 4C Proposed Adverse Action.

(iii) The Arbitrating Content Participants, on the one hand, and Licensor, on the other shall share equally the costs of arbitration set forth in Section 3.7(c)(iv)(g). The arbitrator shall award the prevailing party or parties all of its or their costs and expenses, other than attorneys' fees and expenses. In addition, if the arbitrator finds that either Licensor or the Arbitrating Content Participants has or have advanced its or their position in bad faith or frivolously, it shall order such party or parties to reimburse the other party or parties for its or their reasonable attorneys' fees and expenses.

(iv) The arbitration specified in this Section 3.7(c) shall be conducted in accordance with the following provisions:

(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 San Jose, California, in accordance with the International Arbitration Rules of the American Arbitration Association.

(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 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 the parties have carried their respective burdens, as provided in Section 3.7(c)(i) and (ii). Any such determination by the arbitrator shall be final and binding on the parties, except that whether the arbitrator exceeded his or her authority in determining the remedy, or otherwise, as specifically described in this Section 3.7, 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.

(d) If (i) no arbitration has been initiated with respect to the 4C Proposed Adverse

Action pursuant to Section 3.7(c); (ii) the arbitrator determines that the Arbitrating Content Participants have not carried the burden set forth in Section 3.7(c)(i); or (iii) notwithstanding the arbitrator's determination that the Arbitrating Content Participants have carried such burden, the arbitrator further determines that Licensor has carried its burden set forth in Section 3.7(c)(ii), then Licensor may take the 4C Proposed Adverse Action, and such action may be effective, according to its terms, thirty (30) days after service of Licensor's rejection pursuant to Section 3.7(b) or such final determination of the arbitrator. If the arbitrator determines that the Arbitrating Content Participants have carried the burden set forth in Section 3.7(c)(i) and that the Licensor has not carried its burden set forth in 3.7(c)(ii), then the 4C Proposed Adverse Action shall not be taken. Provided that in the event that the inability to take the 4C Proposed Adverse Action exposes Licensor or Founders to potential legal liabilities which cannot practicably be avoided except by taking the 4C Proposed Adverse Action, Licensor may elect to terminate this Agreement in which event the Founders may elect to terminate licenses to Necessary Claims. In the event that the inability to take the 4C Proposed Adverse Action exposes one or more, but not all of the Founders to potential legal liabilities which cannot practicably be avoided except by taking the 4C Proposed Adverse Action, such Founder(s) may elect to convert any licenses to Necessary Claims to a reciprocal covenant not to assert Necessary Claims, provided that the Arbitrating Content Participant(s) indemnify such Founder(s) against any claims, actions, liabilities, losses or damages, including reasonable attorneys fees, for inducement to infringe a third party's intellectual property rights arising from the inability to take the 4C Proposed Adverse Action.

3.8 Changes sought by Content Participants or Adopters. An elected representative of the Content Participant User Group and two elected representatives of the Content Protection Implementers Group representing the Information Technology industry and the Consumer Electronics industry, respectively, shall be appointed by 4C to serve on the 4C Advisory Board ("FAB"). Licensor shall meet with the FAB at least once per quarter. After consulting with other members of the FAB, each member of the FAB shall be entitled to request changes to the Adopter Agreement (including its Compliance Rules) or Specifications by presenting a written proposal to Licensor setting forth the specific amendment sought in the form attached as Exhibit D. The Licensor shall consider such requests in good faith.

3.8.1 Changes to Improve Security or Correct Errors or Omissions. The Licensor shall not unreasonably reject a change proposed by a member or members of the FAB that such member or members can, by the preponderance of evidence demonstrate (1) would improve the integrity, security or performance of the 4C Technology, correct errors or omissions to the Specifications or Compliance Rules, or clarify the Specifications or Compliance Rules, but not materially amend, alter or expand any given Specification after it has been released in version 1.0; (2) would not impose additional substantial burdens on Founders, Licensor or Adopters or on the operation of Licensed Products; and (3) does not implicate a patent right that would become a Necessary Claim by such a change.

3.8.2 Licensor shall additionally cooperate with a member or members of the FAB to seek alternatives to proposed changes that improve the integrity, security or performance of the 4C Technology but would materially amend, alter or expand a given Specification after it has been released in version 1.0, would impose additional substantial burdens on Founder,

Licensors or Adopters or on the operation of Licensed Products, or would implicate patent rights that would become Necessary Claims, but shall have the right ultimately to reject any and all such proposed changes in its sole and absolute discretion.

4. FEES

4.1 Administration Fees. Within thirty (30) days of the Effective Date, Content Participant shall pay 4C Administration fees as set forth in the Fee Schedule attached as Exhibit A. Content Participant shall not be entitled to any refund thereof for any reason. Upon each anniversary of the Effective Date, (the "Annual Payment Date"), Content Participant 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 4C Technology. 4C may, upon at least thirty (30) days notice to Content Participant, 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 Content Participant decrease, 4C shall use commercially reasonable efforts to reduce the Annual Administration Fee. On December 1, 2003 and every third anniversary thereof, the annual administration fees set forth in this section 4.1 shall be adjusted for inflation based on the change in the Producer Price Index from October three years prior thereto to October of the then current year.

4.2 Unit Fees for Media Key Blocks and Secret Constants. Content Participant shall pay 4C on a per unit or set annual fee basis for key generation fees as set forth in the Fee Schedule attached as Exhibit A. 4C will supply a written invoice for such charges upon receiving Content Participant's order in the form attached to the Fee Schedule and Content Participant agrees to pay such invoice in advance of receiving Media Key Blocks or Secret Constants. Content Participant shall not be entitled to any refund thereof for any reason.

5. ENCODING RULES.

5.1 Compliance. Any rights and licenses granted to Content Participant hereunder are expressly conditioned upon Content Participant's material compliance with the terms of this Agreement, including but not limited to compliance with the terms of Sections 5.2 and 5.4.

5.2 Encoding Rules. With respect to prerecorded Digital Audio Content made available (by sale or otherwise) to the general public either directly or indirectly in a form protected by the CPPM Technology, Content Participant shall ensure that its works are encoded in compliance with the CPPM Compliance Rules.

5.3 Use of Supported Watermark for Audio. Subject to having obtained the applicable license from Verance Corporation, at its option, Content Participant may apply the Supported Watermark for Audio to Digital Audio Content in conformance with the applicable provisions of the CPPM Compliance Rules for DVD-Audio and of the 4C Entity/Verance Watermark Technology License Agreement.

5.4 Distributors' Compliance with Encoding Rules. Content Participant shall take such actions as may be necessary to ensure that its prerecorded Digital Audio Content distributed commercially in a form protected by CPPM Technology is encoded in compliance with the Encoding Rules. In particular, it shall use commercially reasonable efforts to contractually bind anyone who manufactures or reproduces for the sole account of Content Participant, prerecorded Digital Audio Content in a form protected by the CPPM Technology for commercial distribution on the Content Participant's behalf, to adhere to the CPPM Compliance Rules. Content Participant shall use all reasonable efforts to enforce such contractual obligations and to ensure adherence to such Compliance Rules.

6. EXPIRATION OF DEVICE KEYS

6.1 Generally. The Specifications include means by which certain Device Keys may be invalidated, rendering such devices unable to record or play back Digital Audio Content protected by the 4C Technology (generally, "Expiration" or "Expired").

6.2 Obligation to Carry Expiration Information. Content Participant is encouraged to aid in maintaining the integrity and renewability of the 4C Technology by using MKBs with the most recently updated Expiration Information. If Content Participant elects to include an MKB with updated Expiration Information in its pre-recorded Digital Audio Content in order to Expire Device Keys such Content Participant shall, at its own expense and at the option of the affected device manufacturer or software manufacturer, also include an upgrade for Licensed Products whose Device Keys have been expired unless: (i) inclusion of the upgrade would significantly reduce the content capacity of the pre-recorded media or adversely affect the sound quality of Digital Audio Content placed on the pre-recorded media, and Content Participant cannot avoid such adverse effects by taking commercially reasonable steps; (ii) inclusion of the upgrade would interfere with the ability of other Compliant Products to play back or record content in accordance with the Compliance Rules; or (iii) the affected device manufacturer or software manufacturer providing the upgrade declines to indemnify Content Participant from and against any claims, actions, liabilities, losses or damages, including reasonable attorneys fees, arising from the upgrade itself as supplied by the device or software manufacturer. Such indemnity need not include an indemnification against any claims, actions, liabilities, losses or damages, including reasonable attorneys fees, arising from the upgrade as subsequently modified by or at the direction of the Content Participant, or from its application to or combination with anything on the disc in a manner other than as expressly specified by the affected device manufacturer or software manufacturer. Such upgrade information shall be provided to Content Participant for inclusion in its pre-recorded Digital Audio Content protected by the CPPM Technology by the affected device or software manufacturer free of charge. In the event Content Participant refuses to include the upgrade in accordance with 6.2.(i), (ii) or (iii) above, Content Participant shall promptly provide the affected device or software manufacturer and Licensor, written notice of the refusal explaining the reasons for such refusal and shall cooperate with the affected device or software manufacturer to seek alternative implementations of the proposed upgrade.

6.3 Content Participant Request for Expiration.

(a) For so long as Content Participant is an Eligible Content Participant, it shall have the right, to seek Expiration by providing proof in a sworn affidavit (the "CP Affidavit") of any of the facts relating to any particular Device Key that would warrant Expiration of such key and satisfy the Expiration Criteria (defined below). The CP Affidavit shall be sufficiently detailed that Licensor can determine solely on the basis of such affidavit whether the facts averred satisfy the Expiration Criteria.

(b) In the event that Content Participant seeks Expiration in accordance with Section 6.3(a), the objective Expiration criteria set out in either Section 6.3(b)(i) or Section 6.3(b)(ii) (the "Expiration Criteria") must be met.

(i) a Device Key sought to be expired has been made public, lost, stolen, intercepted, or otherwise misdirected or disclosed in violation of an Adopter Agreement;

(ii) a Device Key Set sought to be expired has been cloned such that the same Device Key Set is found in more than one device or product (other than in a product merely implementing Type B or C Key Sets as described in the Adopter Agreement) .

(c) Upon receipt of the CP Affidavit, 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 CP Affidavit, Licensor shall promptly provide the affected Adopter with a copy of the CP Affidavit and request its consent to Expire the applicable Device Key. If the Adopter consents, Licensor shall take steps to Expire the applicable Device Keys by promptly delivering or causing to be delivered to all Content Participants relevant Expiration Information. At the affected Adopter's option, Licensor shall also arrange to deliver upgrade information (provided by the affected Adopter) to Content Participants for inclusion in their pre-recorded Digital Audio Content protected by the CPPM Technology.

(ii) If (a) Licensor determines that neither of the Expiration Criteria are met; or (b) the affected Adopter (x) objects to Licensor's request to expire pursuant to 6.3(c)(i) or (y) does not respond to Licensor's request to expire pursuant to 6.3(c)(i) 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 preponderance of the evidence that the Expiration criteria have been met.

(iii) Any arbitration pursuant to this section 6.3 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 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).

7. CONFIDENTIALITY/EXPORT

7.1 Permitted Use. Content Participant shall use Confidential Information (and tangible embodiments thereof) 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 and MKBs, Content Participant 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 an Adopter's use of such knowledge and experience.

7.2 Confidential Information. Content Participant shall maintain the confidentiality of Confidential Information in the following manner:

7.2.1 Content Participant shall employ procedures for safeguarding Confidential Information at least as rigorous as Content Participant would employ for its own Confidential Information, but no less than a reasonable degree of care.

7.2.2 Content Participant may disclose Confidential Information to (1) full-time employees 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 Content Participant to implement the 4C Technology in compliance with the Specifications and who have executed a non-disclosure agreement sufficient to protect the Confidential Information in accordance with the terms of this Agreement; (2) other Content Participants who are subject to a non-disclosure agreement sufficient to protect the Confidential Information in accordance with the terms of this Agreement; (3) Content Participant's attorneys, auditors or other agents who have a reasonable need to know the Confidential Information and who owe Content Participant a duty of confidentiality sufficient to prevent the disclosure of such Confidential Information.

7.3 Copies of Confidential Information. Content Participant shall not make any copies of any document containing Confidential Information except when required for use by different business units manufacturing Compliant Products in the same product category but located in different facilities. In the event such information is required for use by such diversely located business units, Content Participant 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. Content Participant shall notify Licensor in writing if such additional copies are made. Content Participant may request that 4C provide Content Participant 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.

7.4 Contact Person and Provisions of 4C Information. Content Participant shall designate a single Authorized Employee who shall receive all Confidential Information (the "Content Participant Contact") disclosed by Licensor and may designate a single alternative Authorized Employee ("Alternate Content Participant Contact") who shall be entitled to receive such Confidential Information in the event that Content Participant Contact is absent at the time such information is to be provided. Prior to the provision of any Confidential Information to the Content Participant Contact or Alternate Content Participant Contact, such Content Participant Contact or Alternate Content Participant Contact shall have complied with all of his/her obligations under Section 7.2.

7.5 Notification of Unauthorized Use or Disclosure. Content Participant shall notify Licensor in writing promptly upon discovery of any unauthorized use or disclosure of Confidential Information, and shall cooperate with Licensor in every reasonable way to regain possession of such information and to prevent its further unauthorized use or disclosure.

7.6 Disclosure of Content Participant Status. Licensor shall have the right to disclose to third parties the fact that Content Participant has obtained a license to implement the 4C Technology and shall publish a list of Content Participants at least once per quarter and in such list shall identify Content Participants who have implemented 4C Technology in at least 500,000 units of media in the previous year. Upon Content Participant's timely written request to Licensor, Licensor shall keep in confidence the fact that Content Participant has obtained a license to implement the 4C Technology until such time that Content Participant has publicly announced its product plans or has begun marketing products incorporating the 4C Technology, whichever is earlier. In the event that Content Participant exercises this option, Content Participant shall promptly notify Licensor in writing when it has publicly announced its product plans or begins marketing products incorporating the 4C Technology.

7.7 Disclosure Required By Law. If Content Participant is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Confidential Information Content Participant shall (1) take all reasonable steps to notify the Licensor prior to disclosure or (2) where notice to the Licensor prior to disclosure is not reasonably possible, Content Participant 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 Content Participant 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.

7.8 Confidentiality Exceptions. The Confidentiality restrictions shall not apply to Confidential Information which Content Participant can demonstrate (1) is or has been developed by Content Participant's employees without having access to any Confidential Information (including translations, derivations or abstractions of such information) and without breach of this Agreement; (2) is or has been disclosed to Content Participant, 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) any Confidential Information and without any breach of any such third party's obligations to Licensor, Founders, or Adopters, Content Participants, or a Fellow Content Participant; (3) at the time of its disclosure by Licensor to Content Participant was already in its possession without obligation of confidence; or (4) was disclosed by Licensor to another party without obligation of confidentiality.

7.9 Confidentiality Period. The confidentiality obligations set forth herein 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 of the 4C Technology by Licensor or any Content Participant; (2) the expiration of the last copyright related to any 4C Technology protected 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.

7.10 Reverse Engineering. Under no circumstances shall Content Participant 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.

7.11 Export. Content Participant 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 rules and regulations whenever it is necessary for such export or re-export. Content Participant 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, and 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.

7.12 Treatment. Any materials marked "Confidential" shall be deemed Confidential Information under this Agreement.

8. TERM/TERMINATION

8.1 Termination. This Agreement shall commence upon the Effective Date and shall continue until terminated in accordance with any of the following events:

8.1.1 Termination by Content Participant. Content Participant shall have the right to terminate this Agreement at any time on or after the first anniversary of the Effective Date upon ninety (90) days prior written notice to Licensor.

8.1.2 Breach. Licensor may terminate this Agreement and Founders may terminate any license to Necessary Claims for any material breach by Content Participant, and Content Participant may terminate this Agreement for any material breach by Licensor or Founders, by providing timely written notice to the other parties. If the breach is not fully cured within thirty (30) days of receiving such notice the Agreement may be terminated.

8.1.3 Nonrenewal. This agreement shall expire twenty (20) years after the Effective Date unless renewed. Content Participant shall have the right to renew this Agreement on substantially similar terms and conditions unless a material change in circumstances has occurred that in the reasonable judgment of Licensor or Founders would necessitate the termination or renegotiation of the Agreement; provided that the per unit fees set forth in the fee schedule attached as Exhibit A shall not be increased pursuant to such a renewed agreement unless such an increase is necessary to offset an increase in 4C's costs in generating keys, Media Key Blocks, Secret Constants, or such other elements of the 4C Technology (as amended or expanded from time to time) for use in protecting Digital Audio Content.

8.2 Effect of Termination. Upon termination or expiration of this Agreement, Content Participant shall promptly cease use of the 4C Technology, and licenses to Necessary

Claims from the Founders shall terminate, provided that, if the Agreement expires or is terminated for reasons other than an uncured breach by Content Participant, Content Participant shall be entitled to a ninety (90) day sell-off period for Licensed Products manufactured prior to the expiration or termination of the Agreement. Upon termination for breach, Content Participant shall cease all manufacture, use and sale of products authorized under this Agreement. Within thirty (30) days after termination or expiration of this Agreement, Content Participant shall, at the direction of Licensor, either: (i) return all Confidential Information to Licensor; or (ii) destroy all such information in its possession, retaining no copies thereof, and certify such destruction in writing to Licensor, signed by a senior official of the Content Participant.

8.3 Survival. The Reciprocal Non-Assertion Covenant (Section 2.2) 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.

9. DISCLAIMER AND LIMITATION OF LIABILITY

The terms of this Section 9 limit the ability of Content Participant to recover any damages from Licensor or the Founders in excess of fees actually paid to Licensor by Content Participant. Such terms 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 Necessary Claims.

9.1 Disclaimer. ALL INFORMATION, 4C TECHNOLOGY, SPECIFICATIONS, MATERIALS AND EXPIRATION INFORMATION, ARE PROVIDED "AS IS." LICENSOR AND THE FOUNDERS AND THEIR AFFILIATES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, EXCEPT AS EXPRESSLY SET FORTH IN SECTION 9.1, 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, ANY ADOPTER AGREEMENT OR ANY OTHER ACTIVITY OF LICENSOR, THE FOUNDERS, OR THEIR AFFILIATES. WITHOUT LIMITING THE FOREGOING, NEITHER LICENSOR, FOUNDERS, NOR THEIR AFFILIATES REPRESENT OR WARRANT THAT THE 4C TECHNOLOGY IS IMMUNE TO HACKING, CODE BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT SUCH SYSTEM. LICENSOR, FOUNDERS AND THEIR AFFILIATES FURTHER DISCLAIM ANY WARRANTY THAT ANY IMPLEMENTATION OF THE SPECIFICATION, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

9.2 Limitation of Liability. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 9.1 WITH RESPECT TO LICENSOR, NEITHER LICENSOR NOR THE FOUNDERS OR

THEIR AFFILIATES NOR ANY OF THEIR DIRECTORS, OFFICERS, EQUIVALENT CORPORATE OFFICIALS, MEMBERS, EMPLOYEES, AGENTS OR REPRESENTATIVES ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY, THE "AFFECTED PARTIES") OR AFFILIATES SHALL BE LIABLE TO CONTENT PARTICIPANT 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, USING, SELLING OR IMPORTING ANY PRODUCTS THAT IMPLEMENT, THE 4C TECHNOLOGY OR 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 CONTENT PARTICIPANT IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE FEES PAID TO LICENSOR BY CONTENT PARTICIPANT UNDER THIS AGREEMENT.

9.3 Interoperability With other MKBs. Content participant understands and agrees that the MKBs provided pursuant to this agreement are unique to the 4C technology and may not be interoperable with other MKBs licensed or distributed by any one or more of the Founders.

9.4 Content Participant acknowledges that it may require a license under patent claims other than Necessary Claims owned by a Founder, Adopter or Fellow Content Participant, to make, have made, use, import, lease, export, offer to sell, reproduce, modify, display, perform, distribute, or otherwise transfer Licensed Products.

10. REMEDIES

10.1 Equitable Relief. Content Participant agrees that if it breaches its obligations under Sections 5 or 7 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 4C Technology and unauthorized copying of copyrighted content intended to be protected using the 4C Technology. Content Participant further agrees that, as provided by law, injunctive relieve is an appropriate remedy to prevent or limit the adverse consequences of actual or threatened material breaches of the Agreement.

10.2 Third-Party-Beneficiary Rights.

(a) The parties hereto acknowledge and agree that the compliance of Content Participant with the terms of this Agreement, and the compliance of the other Fellow Content Participants with their respective Content Participant Agreements, is essential to maintaining the value of the 4C Technology. As part of the consideration of the rights and licenses granted to Content Participant hereunder, Content Participant hereby confers a third-party-beneficiary right upon each of the Adopters that is in compliance with all of the material terms and conditions of its

Adopter Agreement (each, an "Adopter Beneficiary") in order to enforce those obligations of Content Participant under Section 5.2 and 5.4. The remedies for any such Adopter Beneficiary that initiates or institutes a claim or action to enforce the terms of Section 5.2 or 5.4 (an "Adopter Beneficiary Claim") shall be limited to injunctive relief pursuant to Section 10.1.

(b) Prior to initiating or instituting any Content Participant Beneficiary Claim or Adopter Beneficiary Claim (each, a "Beneficiary Claim") against an Adopter or against a Fellow Content Participant, as the case may be (each, a "Defendant"), a Content Participant Beneficiary or Adopter Beneficiary (each, a "Third-Party Beneficiary") shall provide Licensor written notice of its intent to pursue such a claim. Such Third-Party Beneficiary shall further provide Licensor with notice of actual filing of a Beneficiary Claim and shall, upon Licensor's request, provide any copies of material documents to be filed in such Third-Party Beneficiary's initiation, institution or pursuit of such Beneficiary Claim. Licensor shall cooperate reasonably with 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 the preservation of the integrity and security of 4C Technology and to the extent such cooperation does not otherwise interfere with Licensor's obligations to Adopters or Fellow Content Participants. Third-Party Beneficiaries shall not be obligated to provide copies of documents filed or to 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.

(c) Licensor shall provide all Adopters (in the case of an Adopter Beneficiary Claim) and all Fellow Content Participants (in the case of a Content Participant Beneficiary Claim) with prompt notice of Licensor's receipt of any notice of a Beneficiary Claim against a Defendant. Within thirty (30) days of the date of mailing of a Claim Notice, all Adopter Beneficiaries (in the case of an Adopter Beneficiary Claim), or all Content Participant Beneficiaries (in the case of a Content Participant Beneficiary Claim), shall elect whether to join such Beneficiary Claim, and the failure of any Adopter or Fellow Content Participant to provide written notice to Licensor of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Adopter's or Fellow Content Participant's third-party-beneficiary right under its respective Adopter Agreement or Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the 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 by such Third-Party Beneficiaries electing to join such Beneficiary Claim within the thirty (30)-day period following mailing of notice of a Beneficiary Claim. Any judgment entered upon such Beneficiary Claim shall be binding on all Adopters and Fellow Content Participants who received notice from Licensor as if they had joined such Beneficiary Claim. Neither any Adopter's or Fellow Content Participant's failure to notify or consult with Licensor, nor Licensor's failure to give notice to any Adopter or Fellow Content Participant pursuant to these third-party beneficiary procedures, shall be a defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.

(d) Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any Adopter Agreement

or Content Participant Agreement; (ii) has an adverse effect on the integrity and/or security of 4C Technology; or (iii) adversely affects or lowers the value of any of Licensor's or the Founders' rights in and to the 4C Technology or any intellectual property right related to it (embodied therein), unless Licensor and the Founders shall have provided prior written consent thereto.

10.3 No Limitations of Remedies. Adopter's Exercise of its Third Party Beneficiary rights under this section shall not constitute an election against any statutory or other extra-contractual remedy against a Content Participant which may be available to Adopter for the same act that gave rise to the Third Party Beneficiary Claim.

11. MISCELLANEOUS

11.1 Ownership. Confidential Information, copyrighted and patented information, and media containing any of the preceding as provided by Licensor to Content Participant hereunder shall remain the property of Licensor, the Founders or their suppliers. Except as expressly provided herein, this Agreement does not give Content Participant any license or other right to any information provided under this Agreement.

11.2 Entire Agreement. Except as rights under this Agreement are affected/determined by the terms of Adopter Agreements, this Agreement, the exhibits hereto and the Specifications constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior oral or written agreements. This Agreement may not be modified except by written agreement dated subsequent to the date of this Agreement and signed by all Parties.

11.3 Assignment. The rights and licenses granted hereunder are personal to Content Participant, and Content Participant may not assign or transfer this Agreement, or any of its rights or obligations hereunder, except (a) with the written approval of Licensor, and with respect to Necessary Claims, written approval of the Founders (which shall not unreasonably be withheld), (b) to a corporation controlling, controlled by or under common control with Content Participant or (c) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of Content Participant or to the surviving entity in a merger, reorganization, or other business combination involving Content Participant and where notice of such assignment has been provided in advance to Licensor and where the surviving or acquiring company agrees in writing to be bound. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of, and be binding upon, the Parties, their successors and permitted assigns. Licensor and Founders may assign or transfer this Agreement to any Person that agrees to assume Licensor's obligations hereunder, and Licensor shall provide Content Participant with written notice thereof.

11.4 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.

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

11.6 Governing Law; Jurisdiction. THIS AGREEMENT, AND ALL THIRD-PARTY BENEFICIARY CLAIMS ARISING UNDER IT, 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.

11.6.1 IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY THIRD-PARTY BENEFICIARY CLAIM, EACH PARTY HERETO IRREVOCABLY CONSENTS TO: (i) THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND IN THE COUNTY IN THE STATE OF CALIFORNIA IN WHICH CONTENT PARTICIPANT MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS AND (ii) 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 § 11.6.2 BELOW. THE PARTIES AGREE TO WAIVE A JURY TRIAL IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

11.6.2 CONTENT PARTICIPANT SHALL APPOINT AN AGENT IN THE STATES OF NEW YORK AND CALIFORNIA FOR ACCEPTANCE OF SERVICE OF PROCESS PROVIDED FOR UNDER THIS AGREEMENT AND SHALL NOTIFY LICENSOR OF THE IDENTITY AND ADDRESS OF SUCH AGENT WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE.

11.7 Notice. Any notice to be provided pursuant to this Agreement shall be given 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 will 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 address.

11.8 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 thereof 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 to be performed by the other Party 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.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

This Agreement may be executed in multiple counterparts:

Licensor:

Content Participant:

Signature _____

Signature _____

Printed Name Jacob Pak

Printed Name _____

Title Manager

Title _____

Date: _____

Date _____

Contact Address:

Contact Name and Address

4C Entity, LLC
380 Tennant Ave., Unit #4
Morgan Hill CA 95037

The parties below sign for purpose of agreeing to all Sections of this agreement except for Sections 3.1, 3.5, 3.6, 6, 7.3, 7.6, 10.1, and 10.2b-c.

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

Intel Corporation
2200 Mission College Boulevard
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
Corporation of America
One Panasonic Way
Secaucus, New Jersey 07094

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

By: _____

By: _____

Name: Jacob Pak _____

Name: Jacob Pak _____

Title: Attorney-in-fact _____

Title: Attorney-in-fact _____

Date: _____

Date: _____

EXHIBIT D

4C Advisory Board
Request for Amendment

The signatory/signatories below, each members of the 4C Advisory Board, hereby request that the following amendment(s) be made to the

- Content Participant Agreement
- Adopter Agreement
- Specification
- Other (specify)_____:

Description of Action:

(List section(s) to be amended and provide text of amendments. Attach an explanation of the benefits)

The signatory/signatories certify that they have consulted with the following industry group representatives and have obtained consent for the change requested. (consent is not required, but will aid Founders' consideration):

- Consumer Electronics members of the CPIG
- Information Technology members of the CPIG
- Content Participants who are members of the CPUG

The following industry groups oppose the change requested:

- Consumer Electronics members of the CPIG
- Information Technology members of the CPIG
- Eligible Content Participants who are members of the CPUG.

(Please Specify reasons for opposition)

- The change requested does not have a material adverse effect on content protection

provided by the 4C Technology.

- The change requested does not impose additional substantial burdens on Adopters or on the operation of licensed products.

For Eligible Content Participant Members of the CPUG

By: _____

Name: _____

Title: _____

Date: _____

For Eligible Consumer Electronics Industry Members of the CPIF

By: _____

Name: _____

Title: _____

Date: _____

For Eligible Information Technology Industry Members of the CPIF

By: _____

Name: _____

Title: _____

Date: _____