

February 2004

**4C DIGITAL VIDEO
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") 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, C2 Block Cipher Specification and Content Protection for Recordable Media Specification, and CSS Compatible DVD Drive Authentication for CPPM.

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.

WHEREAS, Content Participant desires to have certain rights with regard to the 4C Technology used by Adopters to protect Content Participant's copyrighted digital video recordings including but not limited to certain rights to seek expiration of Device Keys (defined below) and to exercise Third Party Beneficiary Rights as may be granted to Content Participant hereunder;

WHEREAS, in consideration of the promises in this Agreement, Content Participant and Licensor have each agreed to comply with all obligations set out herein, as applicable to each;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, 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 in order to use the 4C Technology to develop and manufacture Licensed Components or Licensed Products and to obtain certain other rights, and shall include its Affiliates.

1.2 "Adopter Agreement" means any CPPM/CPRM License Agreement (including its Compliance Rules) and associated Fee Exhibit 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 or Digital Video Content in the form attached hereto as Exhibit B, and any other 4C Technology License Agreement that includes licensing and covenant provisions which are not materially different in scope than those embodied in Exhibit B.

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 "Authorized Reseller" means an entity that is authorized to receive, resell and/or redistribute Licensed Components in accordance with the terms of the 4C CPPM/CPRM Associate License Agreement for Resellers and the Adopter Agreement.

1.5 "Compliance Rules" means the technical requirements set out in each Adopter Agreement, in the form attached thereto as Exhibit _____ and the Robustness Rules set out in Exhibit __ hereto, as such may be amended from time to time.

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

1.7 "Content Participant" means an entity that has executed a Content Participant Agreement in order to obtain certain rights specified herein to protect its copyrighted Digital Video Content, and shall include its Affiliates.

1.8 "CPRM Technology" means the methods for local encryption, decryption and renewability developed by the Founders for use with recordable media ("CPRM"), including the C2 Block Cipher.

1.9 "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," and "CPRM Specification: Introduction and Common Cryptographic Elements" published by 4C Entity, LLC.

1.10 “Device Key Set” means Device Keys which are provided to Adopters by 4C or its designee for use in a specific device or set of devices.

1.11 “Digital Audio Content” means sound recordings, as defined in 17 U.S.C. § 101, the rights in which are owned or licensable by Content Participant.

1.12 “Digital Video Content” means audiovisual works, as defined in 17 U.S.C. §101, the rights in which are owned or licensable by Content Participant.

1.13 “Digital Video Content Participant Agreement” means this Agreement and any other Agreement entered into by Licensor, Founders, as licensors, and a provider of Digital Video Content that includes provisions which are not materially different in scope than those embodied herein.

1.14 “4C Technology Licensee” means an entity that has entered into a 4C Technology License Agreement with Licensor and Founders licensing some or all of the 4C Technology.

1.15 “4C Technology License Agreement” means a binding written agreement between a 4C Technology Licensee and Licensor and Founders, as licensors, to license some or all of the 4C Technology and includes without limitation, an agreement denominated as an Adopter Agreement, a Content Participant Agreement, a C2 Decryption License Agreement or a C2 Encryption License Agreement.

1.16 “Fellow Content Participant” means any other entity that enters into a Content Participant Agreement with Licensor and Founders and shall include its Affiliates.

1.17 “Founders” means International Business Machines Corporation (“IBM”) Intel Corporation (“Intel”), Matsushita Electric Industrial Co., Ltd. (“MEI”), and Toshiba Corporation (“Toshiba”).

1.18 “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 solely to be and which is assembled into a Licensed Product, or is sold or otherwise distributed to an Authorized Reseller solely for resale and/or distribution in accordance with the terms of the 4C CPRM/CPDM Associate License Agreement for Resellers and the Adopter Agreement, and which embodies a portion of the Specifications, but which does not by itself completely satisfy the Compliance Rules. Licensed Component shall exclude any component embodying a portion of the Specifications used or useful by an individual consumer.

1.19 “Licensed Products” means a product including without limitation products such as DVD players and recorders whether they are consumer electronics products or software that is manufactured under license from 4C with respect to which all of the statements in 1.19.1-1.19.3 are true.

1.19.1 the product embodies and complies with the designs set out in one or more of the Specifications,

1.19.2 the product is a Compliant Product, and

1.19.3 the product is designed for the playback and/or recording of Digital Audio Content and/or Digital Video Content.

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” and “CPRM Specification: Introduction and Common Cryptographic Elements” and “CPRM 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 Content Participant or any of their respective Affiliates, has the right, at any time during the term of this Agreement to grant licenses 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. 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 to tamper resistance technology; (2) claims which would 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 the relevant 4C Technology License 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 “Robustness Rules” means the requirements set out in Exhibit C hereto, as such exhibit may be amended from time to time by 4C, pursuant to a Founder’s Authorization and in accordance with this Agreement.

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

1.26 “Specifications” means collectively the specifications entitled “Content Protection for Prerecorded Media Specification,” “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 published by 4C Entity, LLC as may be amended from time to time in accordance with the terms of this Agreement and the Adopter Agreement.

2. RIGHTS GRANTED TO CONTENT PARTICIPANT

2.1 Content Participant User Group. Content Participant shall have the right at all times during the term of this Agreement to participate in a user group consisting solely of Content Participants who choose to become members of such group (the "Content Participant User Group"). 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 which change in status shall be immediate. The members of the Content Participant User Group shall be entitled to establish the internal rules governing the operation 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.

2.2 Material Changes in Protection or Rights. Licensor may make changes to the Adopter Agreement and associated Compliance Rules (including Robustness Rules) and the Specifications (collectively, the "Operative Protection Agreements") or issue or execute such other documents with respect to 4C Technology, only in accordance with the following provisions:

2.2.1 The following procedures shall apply to all changes to the Operative Protection Agreements.

(a) Licensor shall provide reasonable advance written notice but in no event less than thirty (30) days before the proposed change is to occur to Content Participant of

(i) 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 with respect to Sections 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, or (c) allow the appointment of an agent for service of process outside the United States in subsection 10.8;

(ii) the proposed issuance or execution by Licensor of any other document that would affect the integrity, security or commercial viability of 4C Technology, the security of Digital Audio Content protected using the 4C Technology, or the rights of Content Participant with respect to 4C Technology; and

(iii) any material change to version 1.0 or higher of the Specifications affecting Digital Video Content, provided that any change that affects the integrity or security of 4C Technology or the security of Digital Video Content protected using the 4C Technology, or that affects adherence to Compliance Rules in existence prior to the proposed change, shall be deemed "material" for this purpose.

(b) Licensor shall, during the second and fourth calendar quarters of each year, make available to Content Participant any changes to the Adopter Agreement or Specifications not otherwise noticed pursuant to this Section 1.1. 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.

2.2.2 For so long as Content Participant is an Eligible Content Participant, it shall have the right to file a written objection to

(a) 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 with respect to Sections 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, or (C) allow the appointment of an agent for service of process outside the United States in subsection 10.8;

(b) any material and adverse change to the Specifications affecting Digital Video Content; or

(c) 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, security or commercial viability of 4C Technology, the security of Digital Video Content protected using the 4C Technology, or the rights of Content Participant with respect to 4C Technology (each, a “4C Proposed Adverse Action”), including any changes that are notified to Content Participant pursuant to the semi-annual notifications referenced in the next to last sentence of subsection (a), above.

Provided that notwithstanding any of the above, it shall not be a “material and adverse change” if Licensor issues a new Specification or a new chapter of a Specification solely for the purpose of applying 4C Technology to a new form of recordable media without changing any of the elements of 4C Technology related to the integrity or security of 4C Technology or the security of Digital Video Content protected using 4C Technology. Nor shall it be a “material adverse change” if Licensor issues modifications to the Compliance Rules that are a necessary adjunct to the issuance of a new Specification or a new chapter of a Specification as provided in the preceding sentence.

Any objection described in (a)-(c), above, 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 thirty (30) days after the date of service of notice by Licensor pursuant to Section 1.1.1(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 1.1.2, Licensor may take the action described in the notice delivered pursuant to Section 1.1.1.

2.2.3 If Content Participant is an Eligible Content Participant, and a sufficient number of Eligible Content Participants (including Content Participant) object to a 4C Proposed Adverse Action pursuant to Section 1.1.2, then Content Participant and Fellow Content Participants that filed objections (the “Arbitrating Content Participants”) shall have the right within thirty (30) days from service of Licensor’s rejection of such objection pursuant to Section 1.1.2, to initiate an arbitration in accordance with the provisions of this Section 1.1.3, provided that that such arbitration shall be initiated only if there is a sufficient number of Eligible Content Participants joining in the initiation action. For purposes of this Section 1.1.3, a “sufficient number of Eligible Content Participants” shall be either (x) at least two Eligible Content Participants that, together, produced in the just preceding calendar year at least fifty (50) percent of the discs encrypted with CPPM [NOTE: need to figure out a metric that would be relevant in the video context], or (y) two-thirds of the total number of entities that are Eligible Content Participants. Any such arbitration shall proceed according to the following:

(a) 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 or security of the 4C Technology, or the rights of Content Participants with respect to 4C Technology shall not be deemed material or adverse. Notwithstanding the above, the arbitrator may, in his or her discretion take into consideration the cumulative effect of multiple related changes that are both “insignificant” and “adverse” when considered in isolation, provided that in any such consideration the arbitrator shall

(i) afford countervailing weight to any changes, whether related or not, that have had or are intended to have beneficial effect on the integrity or security of the 4C Technology, or the rights of Content Participants with respect to the 4C Technology (“Beneficial Changes”); and

(ii) consider only the cumulative effect of changes, whether (x) related “insignificant” and “adverse” changes, or (y) Beneficial Changes, made by Licensor and/or Founders over the preceding two year period.

(b) If the Arbitrating Content Participants have carried the burden set forth in Section 1.1.3(a), then Licensor may not take the 4C Proposed Adverse Action unless Licensor demonstrates, based on clear and convincing evidence, that the 4C Proposed Adverse Action provides a material legal benefit in the form of avoidance of a reasonably perceived significant potential legal liability to Licensor, Founders or Adopters which cannot practicably be achieved except by taking the 4C Proposed Adverse Action.

(c) The Arbitrating Content Participants, on the one hand, and Licensor, on the other shall share equally the costs of arbitration set forth in Section 1.1.3(d)(vii). 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.

(d) The arbitration specified in this Section 1.1.3 shall be conducted in accordance with the following provisions:

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

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

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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 1.1, shall be fully reviewable by a court of competent jurisdiction. Judgment upon any award shall be entered in a court of competent jurisdiction.

(vii) 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.

2.2.4

(a) If

(i) no arbitration has been initiated with respect to the 4C Proposed Adverse Action pursuant to Section 1.1.3;

(ii) the arbitrator determines that the Arbitrating Content Participants have not carried the burden set forth in Section 1.1.3(a); 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 1.1.3(b), 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 1.1.2 or such final determination of the arbitrator.

(b) If the arbitrator determines

(i) that the Arbitrating Content Participants have carried the burden set forth in Section 1.1.3(a) and

(ii) that the Licensor has not carried its burden set forth in 1.1.3(b),

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 significant potential legal liabilities such as in the form of claims (including direct, contributory, and/or inducement) of infringement of intellectual property, or inducement of infringement of intellectual property, which cannot practicably be avoided except by taking the 4C Proposed Adverse Action, Licensor may elect to terminate this Agreement and any Adopter Agreements and the Founders may elect to terminate all 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. Licensor shall not exercise its right to terminate Adopter Agreements pursuant to Section 6.1.4 of the Adopter Agreement and Founders shall not exercise their right to terminate Necessary Claims pursuant to 6.1.4 of the Adopter Agreement other than in accordance with the provisions of this Section 1.1.

2.3 Eligible Content Participants For so long as Content Participant distributes its Digital Video Content to the general public in a channel in which consumer copies of such Digital Video Content may be expected to be protected by CPRM Technology ("Eligible Content") and is in material compliance with all the terms and conditions of this agreement, Content Participant shall be deemed an "Eligible Content Participant" for purposes of this Section 2 and, further, shall have the right to seek Expiration of Device Keys of Licensed Products implementing the CPRM Technology pursuant to the terms of Section 5.

2.4 Content Participant Third-Party-Beneficiary Rights. For so long as Content Participant is an Eligible Content Participant, it shall be a third-party beneficiary under law to

each Adopter Agreement. Without limiting the generality of the preceding statement, each Content Participant that is an Eligible Content Participant shall be entitled to bring claims or actions to enforce rights against an Adopter (each 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 9, with respect to such Adopter's implementation, of CPPM Technology and/or CPRM Technology in any product that plays back or records Digital Video Content released to the general public. The right to bring Content Participant Beneficiary Claims under this Section shall be limited to seeking injunctive relief against the manufacture, distribution, commercial use and sale of Adopter's products that are in material breach of the Compliance Rules. If the Eligible Content Participant is the prevailing party in any action brought under this section, such Eligible Content Beneficiary shall additionally be entitled to an award of its reasonable attorneys fees incurred in relation to such 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) such prevailing party, establishes by clear and convincing evidence that the Adopter has materially breached or engaged in a pattern or practice of breaching the Compliance Rules (b) the court in its discretion may elect to make no award of attorneys fees in a given case, and in any event, shall be limited to an award of no more than \$1 million for attorneys' fees; and (c) no award of attorneys fees shall be available against any Founder. 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.

2.5 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 Content Participant's Eligible Content (as defined in Section 2.2) and (ii) Licensor shall use commercially reasonable efforts to respond to inquiries from Content Participant with respect to such enforcement actions.

2.6 Disclosure of Content Participant Status. Licensor shall have the right to disclose to third parties the fact that Content Participant is an Eligible Content Participant and shall, upon request, provide to Content Participant a list of Content Participants, including identification of Content Participants that are Eligible Content Participants pursuant to this Agreement. Licensor shall obtain approval from Content Participant before issuing any press release related to Content Participant's authorization of use of the 4C Technology to protect its content that identifies Content Participant, which approval shall not be unreasonably withheld.

3. COVENANT NOT TO ASSERT CLAIMS

Content Participant 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, any claim of infringement under Content Participants' Necessary Claims as well as infringement of copyrights or violation or misappropriation of any

trade secrets embodied in the Specifications based on the development, design, manufacture (including having third parties manufacture on a subcontract basis for the sole account of Founder, Licensor, Adopter or Fellow Content Participant or Affiliate thereof), use, distribution, offer to sell, sale, import, export, lease or other transfer of Licensed Products, or Licensed Components, and, as to Founders and Licensor, any claim of infringement under Content Participants' Necessary Claims as well as infringement of copyrights or violation or misappropriation of any trade secrets embodied in the Specifications based on acts reasonably necessary to making the 4C Technology available to Adopters, Content Participants and other Licensees. This section applies whether another entity has become a Fellow Content Participant or Adopter before or after Content Participant signs this Agreement.

4. 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 good faith efforts to reduce the Annual Administration Fee. On December 1, 2006 and every third anniversary thereof, the annual administration fees set forth in this section 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.

5. EXPIRATION OF DEVICE KEYS

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

5.2 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 of Device Keys of products which implement CPPM Technology and/or CPRM Technology 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. In order to facilitate Eligible Content Participant's exercise of its rights under this section, Licensor shall direct the Manager of 4C Entity, LLC to timely provide the Content Participant User Group copies of any written notice directed to the 4C Entity, LLC, which is sufficiently specific to identify (i) either the affected manufacturer and/or product alleged to have a compromised Device Key; or (ii) the existence of a technology or product

alleged to be useful for circumventing the protections of the 4C Technology such that it could reasonably be expected that Device Keys may be compromised.

(b) In the event that Content Participant seeks Expiration, the objective Expiration criteria set out in either Section 5.2(b)(i) or Section 5.2(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.

(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 5.2(c)(i) or (y) does not respond to Licensor's request to expire pursuant to 5.2(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 5.2 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 and agree to treat such confidential information in a manner to be specified by the arbitrator. 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).

6. TERM/TERMINATION

6.1 Term. This Agreement shall expire on the date that is five (5) years from the Effective Date, unless extended by mutual agreement of the Parties.

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

6.2.1 Termination by Content Participant. Content Participant shall have the right to terminate this Agreement at any time upon written notice to Licensor.

6.2.2 Termination by Licensor. Licensor may terminate this Agreement for any material breach by Content Participant by providing timely written notice to the Content Participant. If the breach is not fully cured within thirty (30) days of receiving such notice the Agreement may be terminated, provided that if non-payment of fees is the material breach that is the basis for the termination notice Content Participant shall be afforded with a second thirty (30)-day period in which to cure the non-payment.

6.3 Survival. The Reciprocal Non Assertion Covenant, and those other provisions of this Agreement that by their own terms survive termination or expiration of this Agreement, shall continue in full force termination or expiration of this Agreement until by their own terms they are fulfilled.

7. DISCLAIMER AND LIMITATION OF LIABILITY

The terms of this Section 8 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.

7.1 Disclaimer. ALL INFORMATION, 4C TECHNOLOGY, SPECIFICATIONS, AND MATERIALS ARE PROVIDED "AS IS." LICENSOR AND THE 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, 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.

7.2 Limitation of Liability. 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 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 ANNUAL ADMINISTRATIVE FEE PAID TO LICENSOR BY CONTENT PARTICIPANT UNDER THIS AGREEMENT.

8. REMEDIES

8.1 Third-Party-Beneficiary Rights.

(a) Prior to initiating or instituting any Content Participant Beneficiary Claim (a "Beneficiary Claim") against an Adopter the Content Participant Beneficiary ("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.

(b) Licensor shall provide all Fellow Content Participants with prompt notice of Licensor's receipt of any notice of a Beneficiary Claim against an Adopter. Within thirty (30) days of the date of mailing of a Claim Notice, all Content Participant Beneficiaries shall elect whether to join such Beneficiary Claim, and the failure of any 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 Fellow Content Participant's third-party-beneficiary right under its Content Participant Agreement with respect to all Beneficiary Claims against Adopter arising out of the alleged breach by Adopter. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Adopter 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 Fellow Content Participants who received notice from Licensor as if they had joined such Beneficiary Claim. Neither Fellow Content Participant's failure to notify or consult with Licensor or to provide copies of documents to Licensor, nor Licensor's failure to give notice to any 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.

(c) 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.

9. MISCELLANEOUS

9.1 Ownership. Confidential Information, copyrighted and patented information, and media containing any of the preceding as provided by Licensor to Content Participant hereunder (if any) 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.

9.2 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.

9.3 Assignment. The rights 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, (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 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.

9.4 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.

9.5 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.

9.6 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 UNITED STATES OF AMERICA AND THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE.

9.6.1 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 SECTION 10.6.2 BELOW. THE PARTIES AGREE TO WAIVE A JURY TRIAL IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

9.6.2 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.

9.7 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.

9.8 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:

Signature

Printed Name

Title

Date

Contact Address

Content Participant:

Signature

Printed Name

Title

Date

Contact Name and Address