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April 21, 2006

Via E-Mail & Facsimile

Philips Intellectual Property & Standards
P.O Box 220
5600 AE Eindhoven
The Netherlands

Re: DVD Patent Licensing Program
Our Reference No.: 58363-012

Dear :

We provide herewith our April 2006 Cumulative Report of Philips U.S. Patents Essential for DVD-ROM and DVD-Video Discs and our April 2006 Cumulative Report of Philips U.S. Patents Essential for DVD-ROM and DVD-Video Playback. These reports list all Philips U.S. patents that we, as of this date, have found essential for implementing either or both of the following two DVD standards:

> DVD Specifications for Read-Only Disc, Part 1, PHYSICAL SPECIFICATIONS Version 1.0, May 2004 ("DVD-ROM Standard");
>
> DVD Specifications for Read-Only Disc, Part 3, VIDEO SPECIFICATIONS Version 1.1, August 2001 ("DVD-Video Standard");

Our evaluations are based on:

1. Our review of the patent specification, certain claims of the patent, and the prosecution history of the patent;

2. Claims analyses for certain patents presented to us by you;

3. Our review of the above-noted DVD standards; and

4. Responses to questions regarding certain patents including written responses and face-to-face meetings.

A patent that is found to be essential may be either "technically essential" or "essential as a practical matter."

A patent is "technically essential" if making, using, or selling a disc, player, or recorder, in compliance with a portion of the relevant DVD standard, directly infringes at least one claim of that patent under 35 U.S.C. §271(a). Our reports indicate which patents are essential for each of the disc category, the playback category, and the recording category (where appropriate) of the respective DVD standard.

Consistent with our past practice, we have found essential for the disc category certain patents that cover apparatuses used for making a disc, e.g., patents that cover apparatuses for encoding or recording information on a DVD-Video disc.

As we are evaluating U.S. patents, we consider all of the grounds for infringement defined in Title 35 U.S.C. § 271, including, for example, inducement of infringement under 35 U.S.C. § 271(b), contributory infringement under 35 U.S.C. § 271(c) and product made by a patented process infringement under 35 U.S.C. § 271(g). On a case-by-case basis, we have found a limited number of method and apparatus claims essential for the disc category using one or more of the foregoing bases.

If we are unable to conclude that a patent is "technically essential," we may still be able to find the patent "essential as a practical matter" for the respective DVD licensing program. To be "essential as a practical matter," a patent must be shown to have at least one claim having no commercially realistic alternative for implementing a portion of a particular DVD standard. See Letter from Joel I. Klein to Garrard R. Beeney, Esq., DVD Business Review Letter #1 (December 16, 1998)("3C DOJ letter"). However, for a patent to be found essential on this basis, evidence must be submitted that demonstrates such essentiality. Absent the submission of evidence, we cannot find a patent to be essential as a practical matter.

Such evidence may come in various forms. For example, in the past, evidence we have found persuasive included:

(a) an identification of substantially all of the relevant products in the marketplace that comply with the relevant DVD standard (for example, products whose individual market shares add up to 90% or more of the total market); and

(b) a showing that the invention claimed in the patent submitted for evaluation is being used by substantially all of the identified products.

We will also take into consideration any other evidence submitted indicating that a patent is essential as a practical matter.

In other words, if, as determined on a case-by-case basis, there is significant evidence of a commercially realistic alternative to the patent, the patent cannot be found to be essential as a practical matter.

Pursuant to U.S. law, we use a two-step process to review patent claims for essentiality: first, we interpret the patent claims; second, we compare the interpreted claims to the pertinent DVD standard. A patent claim is interpreted based on the claim language, the patent's specification, and the patent's file history.

Claims that include "means-plus-function" limitations warrant special mention. An analysis of a claim containing means-plus-function limitations involves the same two-step process described above: claim interpretation and a comparison of the interpreted claims with the pertinent DVD standard. Under U.S. law, a means-plus-function limitation is interpreted to cover the structure, material, or acts described in the patent's specification, and any equivalents thereof, that perform the claimed function. Thus, interpreting a means-plus-function limitation requires identifying the claimed function and determining the corresponding structure, material, or acts disclosed in the patent's specification that perform the claimed function. After interpreting a claim limitation written in means-plus-function format, the pertinent DVD standard is evaluated to determine whether it requires performance of the claimed function using the same structure, material, or acts found in the patent's specification, or using an equivalent of such structure, material, or acts.

We have concluded that the patents listed on the attached reports are essential for implementing one or more of the above-noted DVD Standards. The reasons for our findings are set out in the attached reports.

The reports are organized as follows:

April 2006 Cumulative Report of Philips U.S Patents
Essential for DVD-ROM and DVD-Video Discs

Appendix A1:	Philips Patents Essential for DVD-ROM Single Layer Discs
Appendix A2:	Philips Patents Essential for DVD-ROM Dual Layer Discs
Appendix A3:	Philips Patents Essential for DVD-Video Single Layer Discs
Appendix A4:	Philips Patents Essential for DVD-Video Dual Layer Discs
Appendix AC-3:	Philips Patents Essential for DVD-Video Discs with AC-3 Audio
Appendix MPEG:	Philips Patents Essential for DVD-Video Discs with MPEG Audio
Appendix DTS:	Philips Patents Essential for DVD-Video Discs with DTS Audio

April 2006 Cumulative Report of Philips U.S Patents
Essential for DVD-ROM and DVD-Video Playback

Appendix A1:	Philips Patents Essential for DVD-ROM Playback
Appendix A2:	Philips Patents Essential for DVD-Video Playback
Appendix AC-3:	Philips Patents Essential for Playback of DVD-Video Discs with AC-3 Audio
Appendix MPEG:	Philips Patents Essential for Playback of DVD-Video Discs with MPEG Audio
Appendix DTS:	Philips Patents Essential for Playback of DVD-Video Discs with DTS Audio

Please contact us if you require further assistance.

Very truly yours,
PROSKAUER ROSE LLP

By: Kenneth Rubenstein
Kenneth Rubenstein

Enclosures

cc:

July 2006 Cumulative Report of
Philips U.S. Patents Essential for DVD-Video DISCS

Appendix A3
Philips Patents Essential for DVD-Video Single Layer Discs

US Patent	Representative Claim	DVD-ROM Specifications (unless otherwise noted)
5,068,846	1	**DVD-ROM (Part 1):** *Sec.*: 2.1 *Page*: PH-9
5,642,113	20	**DVD-ROM (Part 1):** *Secs.*: 3.3, 3.3.3 *Table*: 3.3-1 *Pages*: PH-52-1, 54, 55 to 60
5,696,505	25	**DVD-ROM (Part 1):** *Secs.*: 3.3, 3.3.3 *Table*: 3.3-1 *Pages*: PH-52-1, 54, 55 to 60
5,745,641	1	**DVD-ROM (Part 3 Video):** *Secs.*: 4.5.4, 5.1.1, 5.2.2, 5.4.1.2 *Pages*: VI4-144 to 150, VI5-5, 11, 40 **MPEG-2 Video:** *Sec.*: 6.3.9 *Page*: 50
5,790,056	12	**DVD-ROM (Part 1):** *Secs.*: 3.3, 3.3.1, 3.3.2, 3.3.3 *Fig.*: 3.3-2 *Tables*: 3.3-1, 3.3-2 *Pages*: PH-52-1 to 62

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Philips U.S. Patents Essential for DVD-Video DISCS

Appendix A3
Philips Patents Essential for DVD-Video Single Layer Discs

US Patent	Representative Claim	DVD-ROM Specifications (unless otherwise noted)
5,790,512	1	**DVD-ROM (Part 1):** *Secs.*: 2.6.3, 2.7.1.a *Annex*: H *Pages*: PH-25, 29, PHX-10-2
5,838,696	4	**DVD-ROM (Part 1):** *Secs.*: 1.6, 3.2, 3.2.1, 3.2.2, 3.2.7, 3.2.8 *Fig.*: 3.2.1-1 *Pages*: PH-7, 40 to 41, 47 to 48, 49
5,920,272	1	**DVD-ROM (Part 1):** *Secs.*: 3.3, 3.3.3 *Fig.*: 3.3-2 *Tables*: 3.3-1, 3.3-2 *Pages*: PH-52-1, 52-2, 54, 55 to 62
5,920,874	7	**DVD-ROM (Part 1):** *Secs.:* 2.1, 3.2, 3.2.1, 3.2.4.2 *Fig.:* 3.2.1-1 *Pages:* PH-9, 40, 44, 45 **DVD-ROM (Part 3 Video)** **Feb. 2000 Explanatory Note re DVD Copy Protection System:** *Sec.:* I *Page:* 1

July 2006 Cumulative Report of
Philips U.S. Patents Essential for DVD-Video DISCS

Appendix A3
Philips Patents Essential for DVD-Video Single Layer Discs

US Patent	Representative Claim	DVD-ROM Specifications (unless otherwise noted)
6,301,389	12	**DVD-ROM (Part 3 Video):** *Sec.:* 5.4.3.2(a) *Table*: 5.4.3.2-1 *Pages*: VI5-68, 70
6,388,962	4	**DVD-ROM (Part 1):** *Secs.:* 1.1, 2.1, 2.4.2, 3.4.1.3.1 *Figs.:* 2.1-1, 3.4.1.3-1 *Table*: 3.4.1.3.1-1 *Pages:* PH-1, 9, 19, 66, 67
6,526,005	1	**DVD-ROM (Part 1):** *Secs.:* 1.1, 2.1, 2.4.2, 3, 3.1.1, 3.1.4, 3.4.1.3.1 *Figs.:* 2.1-1, 3.4.1.3-1 *Table*: 3.4.1.3.1-1 *Pages:* PH-1, 9, 19, 37, 66, 67