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Patentanwalt**Privileged and Confidential**

Düsseldorf March 30, 2007

Your ref.

Our. ref. GS/jo 010482LZ3

E-mail

**Essentiality Report of EP Patents mentioned in Annex A1 to the
DVD-ROM Player Patent License Agreement**

Dear Sir or Madam:

Attached to this letter you find our report regarding certain European patents submitted by PHILIPS ELECTRONICS N.V. to be evaluated as to the question whether or not these patents are essential for implementing the DVD-ROM Player Standard. The present report contains a list of summaries of the subject matter of the essential patents and the relevant DVD-ROM Standard portions.

In this report we evaluated the essentiality of certain European patents submitted by PHILIPS ELECTRONICS N.V. with respect to the DVD Specifications for Read-Only Disc, Part 1: „PHYSICAL SPECIFICATIONS“, Version 1.01, September 1997 („DVD-ROM Standard“).

We have concluded that the patents on the attached list are essential for implementing the technologies described in the DVD-ROM Standard in a DVD-ROM Player. Essentiality means that all of the features of the

respective claims of the patents are used while working according to the referenced standard.

In addition the patents on the attached list are essential for implementing the technologies described in the DVD Specifications for Read-Only Disc, Part 3: „VIDEO SPECIFICATIONS“, Version 1.1, December 1997 („DVD-ROM VIDEO Standard“) and in the DVD Specifications for Read-Only Disc, Part 4: „AUDIO SPECIFICATIONS“, Version 1.0, March 1999 („DVD AUDIO Standard“) in a corresponding DVD Video/Audio player. In section 1.1 respectively both standards specify that the disc in which the data are recorded and to be reproduced by a DVD-ROM Player shall comply with the DVD-ROM Standard.

These findings in this report are based upon:

- 1) Our review of the specification and certain claims of each patent on the list and prosecution history of the patent;
- 2) Claims analyses for certain patents presented to us by you;
- 3) Our review of the relevant DVD-ROM Standard portions;
- 4) Responses to questions regarding certain patents including written responses and face to face meetings.

Please contact us if you require further assistance.

Yours faithfully,


Gottfried Schüll

Enclosures

Essentiality Report of EP Patents mentioned in Annex A1 to the DVD-ROM Player Patent License Agreement

Patent No.	Claim	Summary of the Subject Matter of the Patent	Relevant Standard Portions
EP 0 740 831	3	Information reading apparatus using control information related to physical diameter information for setting its diameter-dependant behaviour.	DVD-ROM 1.01: 1.1, 2.6.1, 2.6.7-8, 2.6.10, 2.6.11, 3.1.4, 3.4.1, 3.4.1.3, 3.4.1.3.1, Table 3.4.1.3.1-1
EP 0 698 270	4	A reading device for reading a data signal recorded on a record carrier, the data with ECC blocks comprising consecutive scrambled data frames with directly attached inner code parity (PI) and distributed outer-code parity (PO).	DVD-ROM 1.01: 1.1, 3.2.7, 3.2.8
EP 0 745 254	33	Decoder converting n-bit information words to m-bit information words. There is one plurality of code words of a first type each uniquely defining an information word. The second type code words are defining different information words and are analyzed using bits of the following code word to identify the unique information word.	DVD-ROM 1.01: 1.5.1, 1.5.18, 2.2.3.8.1, 3.2, 3.3, 3.3.3
EP 0 789 910	8	Coding device converting m-bit information words to m-bit information words and defining a state for each information word. There is one plurality of code words of a first type each uniquely defining an information word. The second type code words are defining different information words. The aim is to suppress DC signal components.	DVD-ROM 1.01: 1.5, 1.5.1, Fig. 2.7.2-1, 3.1, 3.2, Fig. 3.2-1, 3.3, 3.3.2, 3.3.3, 13.8

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Patent No.	Claim	Summary of the Subject Matter of the Patent	Relevant Standard Portions
EP 0 745 255	5	Device for scanning a record carrier of the optical type with a transparent layer and a number of information layers. The optical system reads blocks of control information including an indication about the number of layers and about the ordinal number of the layer.	DVD-ROM 1.01: 1.1, 1.2, 2.3.2, 2.4, Fig. 2.4-1, 2.6, Fig. 2.6-2, 2.7.2, 3.2, 3.2.2, 3.2.7, 3.4.1.3