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Your ref.

Our. ref. GS/jo 010966LZ15

E-mail

Essentiality Report of EP Patents mentioned in Annex A2 to the DVD Video Player and 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 Video Player and DVD-ROM Player Standards. The present report contains a list of summaries of the subject matter of the essential patents and the relevant DVD Video Standard portions and the DVD-ROM Standard portions, respectively.

In these reports 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 3: „VIDEO SPECIFICATIONS“, Version 1.1, December 1997 („DVD Video Standard“) and 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 Video Standard in a DVD Video Player and 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.

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 Video Standard portions and the DVD-ROM Standard portions, respectively;
- 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 Schull

Enclosure

Essentiality Report of EP Patents mentioned in Annex A2 to the DVD Video Player and 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 Specifications for Read-Only Disc, Part 1, Physical Specifications Version 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 0 460 764	7	Reading device for optical readable disc on which a sequence of pictures of a full-motion video sequence is stored, wherein video blocks are used which have header information comprising sector information indicating the physical sector of the filed data on the disc.	DVD Specification for Read-Only Disc, Part 1: 2.1.3 Introduction, 3.1.4, Part 3: 1.5.15, 2.4.105, 4.4, 4.4.1, 4.5.1, 4.5.4, 5.1.1, 5.2.2, Fig. 4.4-1, 4.5-1, 5.1-1, Table 4.4-1, 4.5-1
EP 0 745 307	16	Image signal with encoded data of a subtitle defining a graphic image to be displayed during a predetermined time and at a predetermined area.	DVD Specification for Read-Only Disc, Part 3, Video Specifications: 5.2.3, 5.2.5, 5.4.3, 5.4.3.2, 5.4.3.3, 5.4.3.4, Fig. 5.4.3.2-2, Tables 5-1, 5.4.3.3-1, 5.4.3.3-2, 5.4.3.4-1
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 Specifications for Read-Only Disc, Part 1, Physical Specifications, Version 1.01: 1.1, 3.2.7, 3.2.8

Essentiality Report of EP Patents mentioned in Annex A2 to the DVD Video Player and DVD-ROM Player Patent License Agreement

Patent No.	Claim	Summary of the Subject Matter of the Patent	Relevant Standard Portions
EP 0 740 832	13	Arrangement for transferring information is organized in information is subdivided into blocks. The information signal contains application data relating to the information wherein each block contains an application code indicative of the information structure.	DVD-ROM Video 1.1, Part 1: Section 3.1.4; Part 3: Sections 3.1, 5.2.4
EP 0 787 404	13	Device for use in a method of transmitting video information, the video information comprising basic information and related overlay information, whereby the period of display of the overlay page is controlled in dependence of time information	DVD Specifications for Read-Only Disc, Part 3: VIDEO SPECIFICATION, Version 1.1: Chapter 3.3.1, Fig. 3.3.1-1, Chapter 3.3.9, Annex P, Table P-1, Fig. 5.4.3.2-5, Chapter 3.3.12.6, Fig. 3.3.12.6-1, Chapter 5.4.3.4, Table 5.4.3.4-1, Table 5.4.3.3-2
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
EP 0 811 295	1	Device for encoding an audio bitstream read from a DVD via an IEC958 interface comprising packaging means and pause burst generating means.	DVD-ROM Video 1.1: Sections 1, 1.3, 5.4.2 Annex Q; DVD-ROM Video IEC958 1.01: Sections 2, 3, 5.2, 5.2.2, 7.2, 7.4, 7.5, 7.6, Figures 5.2-1, 7.2-1, 7.5-1 and 7.6-1, Table 5.2.2-1
EP 1 298 924	9	The subject matter relates to an apparatus for controlling reproduction in a digital video reproducing apparatus, the digital video data including relative position data and intra-coded data, a reproduction unit reproducing at least another intra-coded data based on the relative position data and a command.	DVD-ROM Video 1.1: 1.1, 2.4.49, 3.3.2, 3.3.8.5, 4.5.4, 5.1, 5.1.1, 5.2.2, 5.4.1, Figure 4.5.4-1 and 5.1-1, Table 4.5.4-1, AnnexJ, J.1.11 and J.1.12, R.8 and R.9; MPEG-2 Video, December 2000:1.2, Intro.1, Intro.4.1.1