

VIDEO CONTENT PROTECTION SYSTEM AGREEMENT

This VIDEO CONTENT PROTECTION SYSTEM AGREEMENT (“Agreement”) by and between KONINKLIJKE PHILIPS ELECTRONICS N.V., having its registered office in Eindhoven, The Netherlands (“Philips”) and Company (“Company”) identified below (Philips and Company jointly hereinafter referred to as “the Parties”), is effective as of _____ (the “Effective Date”).

Company _____

Principal Office _____

Contact Person _____

Address _____

Please place a mark in either box 1 or box 2:

1 Company enters this Agreement in the role of **Content Participant**.

2 Company enters this Agreement in the role of **Implementer** and wishes to use the VCPS technology for the following purpose(s). Please mark the applicable box(es) below:

Box	Implementer Role	Implementer Purpose	Necessary Keys
2.1 <input type="checkbox"/>	Developer	Development Only (see section 2.2 below)	none
2.2 <input type="checkbox"/>	Hardware Implementer	Development, manufacture, and/or distribution of VCPS Components, Data Drives, and products containing a Hardware Playback Function and/or Hardware Recording Function (all terms as defined below)	Hardware Device Keys, Licensed Constant 1 and Licensed Constant 2
2.3 <input type="checkbox"/>	Software Implementer	Development, manufacture, and/or distribution of VCPS Components and products containing a Software Playback Function and/or Software Recording Function (as defined below)	Software Device Keys, Licensed Constant 1, Licensed Constant 2, and Application Key Blocks
2.4 <input type="checkbox"/>	Replicator	Replication and distribution of VCPS Discs (as defined below)	none
2.5 <input type="checkbox"/>	Master Manufacturer	Manufacturing and/or distribution of masters and stampers for the manufacturing of VCPS Discs	Disc Key Blocks
2.6 <input type="checkbox"/>	Component Implementer	Development, manufacture, and/or distribution of VCPS Components that do not contain Device Keys.	Licensed Constant 1, and Licensed Constant 2

NOTE: A mark may be placed in more than one box, except that box 2.1 shall not be marked if a mark is also placed in any of boxes 2.2, 2.3, 2.4, 2.5, and 2.6.

Recitals

WHEREAS, Philips together with Hewlett-Packard Company (“HP”) has developed a system for protecting certain digital audiovisual content recorded on DVD+RW and DVD+R optical digital media named “Video Content Protection System” (“VCPS,” as hereinafter defined);

WHEREAS, HP has authorized Philips to distribute Keys (as hereinafter defined) to third party manufacturers with regard to VCPS for certain content protection applications on the basis of this Agreement;

WHEREAS, Implementer desires to obtain the right to use VCPS in VCPS Products or VCPS Components developed, manufactured and sold or otherwise distributed for use within the Field of Use (as hereinafter defined); and

WHEREAS, Philips is willing to allow Implementer the use of VCPS within the Field of Use, subject to the provisions hereof, including without limitation, strict compliance with the Compliance Rules and the Specification;

WHEREAS, Content Participant has an interest in the correct application by Implementers of VCPS in order to protect its audio-visual content that can be recorded and played back using VCPS as an encryption and decryption technology;

WHEREAS, Content Participant has reviewed VCPS and the Compliance Rules and the provisions of this Agreement, believes them to be appropriate, and wishes to obtain the status of third party beneficiary on the basis of the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing, and of the mutual obligations and covenants set forth herein, and for other good and valuable consideration, the Parties agree and intend to be bound as follows:

Article 1 – Definitions, Terminology and Affiliates

1.1 Roles Applicable to Company

In this Agreement, except where the context clearly requires otherwise, the terms ‘Content Participant’, ‘Implementer’, ‘Developer’, ‘Hardware Implementer’, ‘Software Implementer’, ‘Replicator’, ‘Master Manufacturer’ or ‘Component Implementer’ (the foregoing terms collectively called “Roles”), each refers to Company, if Company has elected, by placing a mark in the applicable box on page 1 of this Agreement, to enter into this Agreement and obtain the rights and be subject to the obligations that apply to such Role. Where the context clearly so requires (e.g., in Sections 2.3, and 2.5), the terms may be used to refer to other parties who have agreed to performing the respective Roles under their Video Content Protection System Agreement.

1.2 Definitions

“Administration Fee” means the fees for handling orders for Keys and for shipping Keys, as specified in the VCPS Key Order Form (Exhibit B).

“Affiliate” means, with respect to Philips, HP or Company, any business entity directly or indirectly (i) owned or controlled by Philips, HP or Company, respectively, (ii) owning or controlling Philips, HP or Company, respectively, or (iii) owned or controlled by the business entity owning or controlling Philips, HP or Company, respectively, at the material time. For the purposes of this definition a business entity shall be deemed to own or to control another business entity if more than 50% (fifty per cent) of the voting stock of the latter business entity, ordinarily entitled to vote in the election of directors (or, if there is no such stock, more than 50% (fifty per cent) of the ownership of or control in the latter business entity) is held directly or indirectly by the owning or controlling business entity.

“Applicable Revocation Criteria” means (i) the revocation criteria defined in Section D.1 for Revocation of Hardware Device Keys, or (ii) the revocation criteria defined in Section D.2 for Revocation of Software Device Keys.

“Application Key Block” means a cryptographic data structure, needed by a Software Playback Function in the process of authenticating a Data Drive, as described in the Specification.

“APS Trigger Bit” means information associated with audiovisual content that indicates that an automatic gain control or color stripe technology, as listed in Section A.1.2.1.3, shall be applied on any analog output that transmits such audiovisual content.

“Authorized Employee” means an employee of Company or of its Affiliates who is (i) authorized by Company to receive Highly Confidential Information, and (ii) has signed the acknowledgement form (Exhibit E).

“Broadcast Flag” means the redistribution control descriptor (rc_descriptor()) described in ATSC A/65B: “Standard: Program and System Information Protocol for Terrestrial Broadcast and Cable (Revision B)”, which signals that broadcast video may be recorded but must be protected against redistribution.

“CableLabs” means Cable Television Laboratories, Inc.

“CCI” or **“Copy Control Information”** means the information reflecting the states Copy Never, Copy One Generation, Copy No More, and EPN, as such information is defined by the source of the rules that mandate the application of encryption technology (e.g., (i) the law of the territory where a video recording product is sold, (ii) the rules governing the handling of content through a particular protected source, or (iii) the format or patent license for the recording technology).

“CCI-MAC” shall have the meaning defined in the Specification.

“Co-Implementer” means a party who has entered into a Video Content Protection System Agreement in the role of Implementer with Philips.

“Company” means the entity identified on the first page of this Agreement.

“Company Confidential Information” means information defined as “Company Confidential Information” in Section 8.2.

“Compliance Rules” means the compliance and robustness requirements set forth in Exhibit A, as such Exhibit may be amended from time to time pursuant to Article 6.

“Compliant VCPS Product” comprises (i) (a) VCPS Discs, VCPS Stampers, and VCPS Masters that conform to the Specification, and (b) VCPS Recorder/Player Products that use VCPS in accordance with the Specification to encrypt or decrypt audiovisual content only within the Field of Use, that (ii) comply with the Compliance Rules, and that and otherwise satisfy the terms and conditions of this Agreement.

“Computer” means a general-purpose computing device that allows its user to install a wide variety of commercially available software applications.

“Confidential Information” means information defined as “Confidential Information” in Section 8.1.

“Copy Never” means the CCI status that indicates that audiovisual content labeled with this status shall not be copied.

“Copy No More” means the CCI status that indicates that audiovisual content labeled with this status is a first generation copy made from audiovisual content labeled as Copy One Generation, and shall not be copied further.

“Copy One Generation” means the CCI status that indicates that audiovisual content labeled with this status may be copied but that such copy shall not itself be copied.

“Data Drive” means an optical data drive for use in a Computer that implements the interface as defined in chapter 7 of the Specification.

“Decrypted Audiovisual Data” means decrypted Encrypted Audiovisual Data, including decrypted Encrypted Audiovisual Data that has been decompressed, re-compressed, scaled, and/or otherwise processed after decryption. With respect to any particular VCPS Recorder/Player Product, Decrypted Audiovisual Data does not include content after it has been transmitted from such Product pursuant to sections A.1.2.1 or A.1.2.2. of the Compliance Rules.

“Device Key” means the set of cryptographic keys, referred to in the Specifications as a “set of Node Keys”, that (i) must be embedded in each Playback Function and Recording Function to enable decryption and encryption of audiovisual content and (ii) must be embedded in a Data Drive to enable authentication with Software Recording Functions and Software Playback Functions.

“DFAST License Agreement” means the “DFAST Technology License Agreement for Unidirectional Digital Cable Products” as offered by CableLabs.

“Disc Key Block” or **“DKB”** means a data structure that is embedded in a DVD+RW or DVD+R Disc which, in combination with Device Keys embedded in a Playback Function, enables such Playback Function to decrypt data from such DVD+RW or DVD+R Disc, and in combination with Device Keys embedded in a Recording Function, enables such Recording Function to encrypt audiovisual content on such DVD+RW or DVD+R Disc in accordance with the Specification.

“DVD+RW Recorder Content Protection Agreement” shall mean the content protection agreement offered by Philips with the patent license agreement for the DVD+RW technology.

“Eligible Content Participant” shall mean a Content Participant who meets the criteria set out in Section 10.3.

“Encrypted Audiovisual Data” means audiovisual content that is encrypted using VCPS.

“EPN” means the CCI used to indicate that content is to be protected with an approved encryption technology, but that copy control restrictions are not being asserted over such content. By way of example, and without limitation, the EPN status may be used to indicate video content that is protected by the Broadcast Flag.

“FCC” means the United States Federal Communications Commission.

“Field of Use” means: (i) the use of VCPS to encrypt audiovisual content for recording on DVD+R and DVD+RW optical discs and (ii) the use of VCPS to decrypt Encrypted Audiovisual Data for playback from such discs, and (iii) embedding a DKB in VCPS Masters, VCPS Stampers, and VCPS Discs in order to permit the foregoing, all in accordance with the Specification and the Compliance Rules.

“Hardware Device Key” means a Device Key for use in a Hardware Playback Function, Hardware Recording Function, or a Data Drive.

“Hardware Implementation” means an implementation of all, or part, of the Specification that cannot be modified by users without changing the hardware by, by means of example and without limitation, replacing ICs or adding new ICs.

“Hardware Playback Function” means a Playback Function that is not a Software Playback Function. For the purpose of clarification and without limitation, a Hardware Playback Function may be implemented partially or completely in software or firmware that runs on a computing device that does not allow its user to install widely available commercial software applications.

“Hardware Recording Function” means a Recording Function that is not a Software Recording Function. For the purpose of clarification and without limitation, a Hardware Recording Function may be implemented partially or completely in software or firmware that runs on a

computing device that does not allow its user to install widely available commercial software applications.

“Highly Confidential Information” means the information defined in Section 8.3 as “highly confidential”.

“Key Fees” means the fees specified in Section 3.3.

“Keys” comprises Application Key Blocks, Device Keys, Licensed Constant 1, Licensed Constant 2, and DKBs.

“Licensed Constant 1” means a cryptographic key, referred to in the Specifications as “Initialization Vector 1”, needed by Playback Functions and Recording Functions.

“Licensed Constant 2” means a cryptographic key, referred to in the Specifications as “Initialization Vector 2”, needed by Software Recording Functions, Software Playback Functions and Data Drives.

“Navigation Pack” shall have the meaning defined in the Specification.

“Necessary Claims” means claims of a patent or patent application that must be infringed in order to use VCPS in the Field of Use in compliance with the Specification and Compliance Rules, which is owned by Philips or its Affiliates, HP or its Affiliates, or Company or its Affiliates. Necessary Claims do not include any intellectual property other than that specifically directed to VCPS and, without limitation, specifically do not include underlying intellectual property, included in the Specification only by reference, such as intellectual property pertaining to semiconductor technology, tamper-resistance technology, the creation or replication of optical media or other media for the distribution of audio, audiovisual or textual information or to the means of reading or writing to such optical media or other media.

“Playback Function” means the functionality implementing the decryption of Encrypted Audiovisual Data.

“Recording Function” means the functionality implementing the encryption of audiovisual content in accordance with the Specification.

“Revocation”, “Revoke” or “Revoked” means the procedure by which Keys embedded in a VCPS Recorder/Player Product may be invalidated, rendering: (i) the Playback Function in such VCPS Recorder/Player Product unable to decrypt Encrypted Audiovisual Data, (ii) the Recording Function in such VCPS Recorder/Player Product unable to record Encrypted Audiovisual Data on VCPS Discs, or (iii) a Data Drive unable to perform authentication with a Software Playback Function.

“Software Device Key” means a Device Key for use in a Software Playback Function or Software Recording Function.

“Software Playback Function” means a Playback Function, implemented as a software application, running on a Computer that receives Encrypted Audiovisual Data from a Data Drive.

“Software Recording Function” means a Recording Function, implemented as a software application, running on a Computer, that records Encrypted Audiovisual Data on a Data Drive.

“Specification” means the document entitled “Video Content Protection System for the DVD+R/+RW Video Recording Format; System Description; Version 1.1” and subsequent updates or modifications thereof made in accordance with the terms of this Agreement.

“Unique ID” shall have the meaning defined in Section 6.3.2 of the Specification.

“VCPS” means the system for encrypting and decrypting certain digital audiovisual content recorded on DVD+RW and DVD+R optical digital media as described in the Specification.

“VCPS Component” means a hardware or software component for use in a VCPS Recorder/Player Product that implements all or part of VCPS as defined in the Specification, and that is not a Compliant VCPS Product itself.

“VCPS Disc” means a DVD+R or DVD+RW disc, containing a DKB, that can be used for recording Encrypted Audiovisual Data.

“VCPS Intellectual Property” means Necessary Claims owned by Philips or its Affiliates, Necessary Claims owned by HP or its Affiliates, know-how and copyrights that Philips provides pursuant to this Agreement, to enable Implementer to use VCPS as permitted hereby in the Field of Use in accordance with the Specification and Compliance Rules. For the purpose of clarification, VCPS Intellectual Property does not include any intellectual property other than that specifically directed to VCPS and, without limitation, specifically does not include underlying intellectual property, included in the Specification only by reference, such as intellectual property pertaining to semiconductor technology, tamper-resistance technology, the creation or replication of optical media or other media for the distribution of audio, audiovisual or textual information or to the means of reading or writing to such optical media or other media.

“VCPS Key Order Form” means the form used for ordering Keys, as described in Exhibit B.

“VCPS Logo Guide” means the document entitled “Video Content Protection System for the DVD+R/+RW Video Recording Format; Logo Guidelines; Version 1.0” and subsequent updates or modifications thereof made in accordance with the terms of this Agreement.

“VCPS Master” means a disc shaped physical object containing an encoded DKB in accordance with the Specifications, which is a template to generate a set of physical objects that are exact duplicates or negative images of the VCPS Master. VCPS Masters are used to manufacture VCPS Stamps.

“VCPS Product” comprises (a) Data Drives (b) VCPS Masters, (c) VCPS Stampers, (d) VCPS Discs, and (e) products containing (i) a Software Playback Function, (ii) a Software Recording Function, (iii) a Hardware Playback Function, or (iv) a Hardware Recording Function.

“VCPS Recorder/Player Product” comprises (a) Data Drives, and (b) products containing (i) a Software Playback Function, (ii) a Software Recording Function, (iii) a Hardware Playback Function, or (iv) a Hardware Recording Function.

“VCPS Stamper” means a disc shaped physical object which is a duplicate or negative image of a VCPS Master containing an encoded DKB in accordance with the Specifications, and which may be used in injection moulding machines that replicate VCPS Discs. VCPS Stampers, provided that such stampers are manufactured, directly or indirectly, using a VCPS Master as the template, include so-called “father” and “mother” stampers, and moulds, which are used in injection moulding machines for replication of VCPS Discs.

1.3 Obligations and Relationship of Affiliates

1.3.1 Obligations of Affiliates

The obligations of Company hereunder shall apply equally to each Affiliate of Company that is (a) exercising any rights of Company under this Agreement or undertaking any activities that are within the scope of the undertakings not to assert rights set forth in sections 2.1 or 2.2, (b) provided with access to Confidential Information or Highly Confidential Information, or (c) handling VCPS Stampers, VCPS Masters or VCPS Components, as if said Affiliate were directly bound hereunder. Company shall cause each such Affiliate to comply with said obligations and shall be liable for any failure of any such Affiliate to comply with any of said obligations as if the failure was a failure of Company to comply with this Agreement. Philips’ audit right in sections 5.2 and 5.3 shall extend to each such Affiliate.

1.3.2 Payments and Reports by Affiliates

Notwithstanding paragraph 1.3.1, (a) Affiliates of Company shall not be required to make separate or additional payments of the fees set forth in section 3.1, (b) Affiliates of Company shall not be required separately to order keys pursuant to section 3.2, to make separate payments of Key fees pursuant to section 3.3 or to make separate reports required pursuant to Article 4, provided that such orders, fees and reports are provided by Company.

Article 2 – Undertaking Not to Assert and Licenses

2.1 Undertaking not to assert.

2.1.1 Hardware Implementer

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Hardware Implementer and its Affiliates, the VCPS Intellectual Property, with respect to the use of VCPS Intellectual Property by Hardware Implementer and its Affiliates in the Field of Use to develop, make, have made, use, sell, offer for sale, import, export,

transfer or otherwise dispose of (i) VCPS Components in accordance with the Specifications, (ii) Data Drives in accordance with the Specification and Compliance Rules, and (iii) products that contain a Hardware Playback Function, a Hardware Recording Function, or both, in accordance with the Specification and Compliance Rules. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Hardware Implementer and its Affiliates, the VCPS Intellectual property under the same conditions. Hardware Implementer acknowledges and agrees that in order to manufacture Data Drives or products containing a Hardware Playback Function or a Hardware Recording function, it is necessary to obtain Hardware Device Keys from Philips.

2.1.2 Software Implementer

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Software Implementer and its Affiliates, the VCPS Intellectual Property, with respect to uses of the VCPS Intellectual Property by Software Implementer and its Affiliates in the Field of Use to develop, make, have made, use, sell, offer for sale, import, export, transfer and otherwise dispose of (i) VCPS Components in accordance with the Specifications or (ii) products containing a Software Playback Function or a Software Recording Function, in accordance with the Specification and Compliance Rules. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Software Implementer and its Affiliates, the VCPS Intellectual property under the same conditions. Software Implementer acknowledges and agrees that in order to use VCPS, it is necessary to obtain Software Node Keys and Application Key Blocks from Philips.

2.1.3 Replicator

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Replicator and its Affiliates, the VCPS Intellectual Property, with respect to uses of the VCPS Intellectual Property by Replicator and its Affiliates in the Field of Use to make, use, sell, offer for sale, import, export, transfer and otherwise dispose of VCPS Discs in accordance with the Specification. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Replicator and its Affiliates, the VCPS Intellectual property under the same conditions. For the purpose of clarification and the avoidance of doubt, the undertaking not to assert as given in this Section 2.1.3 does not cover the use of VCPS Intellectual Property to make, have made, use, sell, offer for sale, import, export, develop and distribute VCPS Masters or VCPS Stampers.

2.1.4 Master Manufacturer

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Master Manufacturer and its Affiliates, the VCPS Intellectual Property, with respect to uses of the VCPS Intellectual Property by Master Manufacturer and its Affiliates in the Field of Use to make, use, sell, offer for sale, import, export, transfer and otherwise dispose of VCPS Masters or VCPS Stampers in accordance with the Specification and Compliance Rules, provided that Master Manufacturer is in full compliance with the provisions of Section 3.3.3. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Master Manufacturer and its Affiliates, the VCPS Intellectual property under the same conditions. For the purpose of clarification and for the avoidance of doubt, the undertaking not to assert given in this Section 2.1.4 does not cover the use of VCPS Intellectual Property to make, have made, use, sell, offer for sale, import, export, develop and distribute VCPS Discs.

2.1.5 Component Implementer

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Component Implementer and its Affiliates, the VCPS Intellectual Property, with respect to uses of the VCPS Intellectual Property by Component Implementer and its Affiliates in the Field of Use to develop, make, have made, use, sell, offer for sale, import, export, transfer and otherwise dispose of VCPS Components in accordance with the Specification, provided that such VCPS Components shall not contain Device Keys. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Component Implementer and its Affiliates, the VCPS Intellectual property under the same conditions. For the purpose of clarification and for the avoidance of doubt, the undertaking not to assert given in this Section 2.1.5 does not cover the use of VCPS Intellectual Property to make, have made, use, sell, offer for sale, import, export, develop and distribute VCPS Recorder/Player Products.

2.1.6 Content Participant

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Content Participant and its Affiliates, the VCPS Intellectual Property, with respect to the use of VCPS Intellectual Property by Content Participant or its Affiliates in the Field of Use (ii) for Content Participant's or its Affiliates' using or causing the use of VCPS to protect its or their audiovisual content within and limited to the Field of Use. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Content Participant and its Affiliates, the VCPS Intellectual property under the same conditions.

2.2 Development Only.

Subject to the terms and conditions of this Agreement, Philips hereby undertakes that it and its Affiliates shall not assert against Developer and its Affiliates, the VCPS Intellectual Property, with respect to uses of the VCPS Intellectual Property by Developer to develop VCPS Components and VCPS Products in accordance with the Specification. Philips has been authorized by HP to confirm to Company that HP undertakes that it and its Affiliates shall not assert against Developer and its Affiliates, the VCPS Intellectual property under the same conditions. Developer acknowledges and agrees that the undertaking not to assert given in this Section 2.2 expressly does not extend to any right to make, have made, sell, offer for sale, import, export, transfer or otherwise dispose of VCPS Products and VCPS Components.

2.3 Limitations on the Distribution of VCPS Stampers, VCPS Masters, and VCPS Components.

2.3.1 VCPS Stampers

VCPS Stampers shall not be sold, transferred or otherwise disposed of except to Co-Implementers who are Replicators or Master Manufacturers. Replicator shall only procure VCPS Stampers from Co-Implementers who are Master Manufacturers.

2.3.2 VCPS Masters

VCPS Masters shall not be sold, transferred or otherwise disposed of except to Co-Implementers who are Master Manufacturers.

2.3.3 VCPS Components

VCPS Components containing an embedded Device Key, shall not be sold, transferred, or otherwise disposed of, except to Co-Implementers who are Hardware Implementers or Software Implementers.

2.4 Compliance with Specifications and Compliance Rules

Implementer shall use VCPS only in accordance with the Specifications, and agrees to be subject to the requirements of the Specifications.

Implementer shall cause each VCPS Recorder/Player Product that it makes, has made, sells, transfers, or otherwise disposes of, to comply with the Compliance Rules, and agrees to be subject to the requirements of the Compliance Rules.

If Philips engages in any activity within the scope of any of the Roles of Implementer, Philips agrees that, within the Field of Use, it will be subject to the obligations of Section 2.4. Philips has been authorized by HP to confirm that HP shall, within the scope of any of the Roles of Implementer and within the Field of Use, similarly be subject to the obligations of Section 2.4. Further, Philips and HP may be treated as Replicator, Master Manufacturer, Hardware Implementers and Software Implementers for the purpose of Sections 2.3.1, 2.3.2, 2.3.3 and 10.3.2. This provision shall not create any rights in favor of any Co-Implementer against Philips or HP, and shall create only those rights in favor of Content Participants as are granted by Section 10.3.2.

2.5 Reciprocal Licensing Covenant.

Company shall, and shall cause each of its Affiliates to, grant licenses under its and its Affiliates' Necessary Claims, on reasonable, non-discriminatory terms, (i) to Philips and its Affiliates and to HP and its Affiliates, for the making, having made, using, importing, offering for sale, selling, and distribution of VCPS Products and VCPS Components within and limited to the Field of Use, (ii) and to all those entities who are Co-Implementers and their Affiliates, who have agreed to the licensing obligations set forth in this Section 2.5 under their respective Necessary Claims, for the making, having made, using, importing, offering for sale, selling, and distribution of Compliant VCPS Products and VCPS Components within and limited to the Field of Use and, further, with respect to any particular Co-Implementer, limited to the Role established under that Co-Implementer's Video Content Protection System Agreement, and (iii) to all those entities who are Content Participants and their Affiliates who have agreed to the licensing obligations set forth in this Section 2.5 under their respective Necessary Claims, for the using or causing the use of VCPS to protect its or their audiovisual content within and limited to the Field of Use. The undertaking set out in the preceding sentence shall not extend to features of a product which are not required to comply with the Specification or for which there exists a non-infringing commercially feasible alternative. Further, such promise shall not extend in favor of any person or entity which has (or the Affiliate of which has) refused to grant such a license or give an undertaking not to assert to Company provided that Company (x) is not willfully in material breach of its obligations under this Agreement, including the Compliance Rules, and (y) is not otherwise in material breach of this Agreement, including the Compliance Rules, which breach has not been cured or is not capable of cure within 30 days of Company's receipt of notice thereof.

Article 3 – Fees And Deliverables

3.1.a Fees and Deliverables for Implementers.

Upon execution of this Agreement, Implementer shall pay Philips a non-refundable, non-recoupable fee (“Entrance Fee”) of € 5,000 (five thousand Euros) in consideration for obtaining access to information on VCPS and for obtaining the right to participate in the change procedures defined in Article 6. Within 21 days after receipt by Philips of said amount of € 5,000, Philips shall cause to be delivered to Implementer at the address specified in the notice provision of this Agreement (Section 15.5) a copy of the Specification. A single copy of any future revised versions and updates of the Specification as well as such related documents as may be provided to Implementer pursuant to Section 6.3 will be delivered by Philips to Implementer free of charge for use by Implementer during the term of this Agreement and in accordance with its provisions.

At the request of Hardware Implementer, Software Implementer, or Component Implementer, and after receipt of the fee of € 5,000 set forth in this Section 3.1.a, Philips shall cause to be delivered at the address specified in the notice provision of this Agreement (Section 15.5), Licensed Constant 1 and Licensed Constant 2.

3.1.b Fees and Deliverables for Content Participants.

In consideration of the rights granted to Content Participant and the undertakings given by Philips as set out herein, Content Participant agrees to pay to Philips a yearly, non-refundable, non-recoupable fee of € 10,000 (ten thousand Euros). The first payment of such yearly fee shall be due within 14 days after the date of the Agreement and the subsequent yearly fees shall be payable on March 1 of the year following the year in which this Agreement has been entered into and on March 1 of each subsequent year thereafter. In the event that, at any time during the term of this Agreement, Content Participant fails to pay the yearly fee in accordance with the provisions hereof, Philips shall notify Content Participant of such omission, in writing. Content Participant shall remedy its failure to pay the yearly fee within 30 days from receipt of said written notification and only the failure to pay the yearly fee within said 30-day period shall constitute a breach by Content Participant of its obligation to pay the yearly fee under this Section 3.1.b. Within 21 days after receipt by Philips of the first payment, Philips shall cause to be delivered to Content Participant at the address specified in the notice provision of this Agreement (Section 15.5) a copy of the Specification. A single copy of any future revised versions and updates of the Specification as well as such related documents as may be provided to Content Participant pursuant to Section 6.3 will be delivered by Philips to Content Participant without additional charge for use by Content Participant during the term of this Agreement and in accordance with its provisions.

3.2 Key Ordering.

This Section 3.2 is applicable only if Company is an Implementer but not a Developer or a Replicator.

Implementer shall order and pay to Philips the price for Keys set forth in Section 3.3. as well as Administration Fees set forth on the VCPS Key Order Form in accordance with the terms and conditions set forth in the VCPS Key Order Form, as published by Philips on its website www.licensing.philips.com, provided that changes in the Key Order Form from that attached hereto as Exhibit B shall be limited to (i) an increase in such Administration Fees over time that shall not exceed an amount commensurate with any increase in Philips’ costs of shipping Keys and handling

an order, (ii) commercially reasonable changes in the procedures for ordering, payment and delivery of keys, (iii) commercially reasonable changes in the time between receipt of a Key Order Form together with the corresponding payment and the delivery of Keys at Implementer's contact address, (iv) commercially reasonable changes in the payment method, and (v) commercially reasonable changes in the number of Keys per distribution disc. Without limiting the foregoing, where costs per Co-Implementer decrease, Philips shall use commercially good faith efforts to reduce the Administration Fee. Implementer acknowledges that the VCPS Key Order Form in Exhibit B of this Agreement is attached for informational purposes and that the only valid form and terms and conditions shall be those as published by Philips on its website. Implementer acknowledges and confirms that Implementer is not allowed to redistribute, sell or otherwise transfer Keys to another Implementer or any third party, except as expressly permitted under Section 8.3.3, and that Philips will have the right to Revoke any Device Key in accordance with the Revocation Procedures in Article 7 and Exhibit D.

Keys are distributed on CD-R discs and delivered as goods under INCO terms as specified in the VCPS Key Order Form.

3.3 Key Prices, Fees for Replicating Key Blocks, and Conditions for Using Keys.

3.3.1 Hardware Implementers

Hardware Implementer shall (i) embed, or cause to be embedded, a different Hardware Device Key in each of Hardware Implementer's products containing a Hardware Playback Function, a Hardware Recording Function or both, and (ii) embed, or cause to be embedded, a different Hardware Device Key in each of Hardware Implementer's Data Drives. In addition to the applicable Administration Fee, Hardware Implementer shall pay to Philips an amount of € 0.05 (five Euro cents) per Hardware Device Key (net of any (withholding) taxes) ordered.

3.3.2 Software Implementers

Software Implementer shall embed Software Device Keys and Application Key Blocks in each of Software Implementer's products (i) containing a Software Recording Function, a Software Playback Function, or both. To obtain said Software Device Keys and Application Key Blocks, Software Implementer shall pay Philips the applicable Administration Fee.

3.3.3 Master Manufacturers

Master Manufacturer shall embed a different Disc Key Block in each of Master Manufacturer's VCPS Masters. To obtain said Disc Key Blocks, Master Manufacturer shall pay Philips the applicable Administration Fee.

3.3.4 Replicators

As part of the consideration for the right to replicate the DKBs in its VCPS Discs, Replicator shall pay to Philips € 0.01 (one Euro cent) per VCPS Disc manufactured. To establish the amounts due, Replicator shall report and pay to Philips in accordance with the provisions of Section 4.1 and 4.2.

Article 4 – Reporting And Payment By Replicator

4.1. Reporting by Replicator.

Within 30 days following 31 March, 30 June, 30 September and 31 December of each year during the term of this Agreement, Replicator shall submit to Philips (even in the event that no sales have been made) a written statement in the form as attached hereto as Exhibit C (Key Fee Reporting Form), signed by a duly authorized officer on behalf of Replicator specifying the number of VCPS Discs manufactured and sold, transferred or otherwise disposed of by Replicator and its Affiliates.

4.2. Payment by Replicator.

Replicator shall pay the Key Fees due to Philips within 60 days after the end of each quarter of each year during the term of this Agreement, in such country and in such currency as Philips may specify.

Within 30 days following the expiration or termination of this Agreement, Replicator shall submit to Philips a certified report on the number of VCPS Discs in stock at the time of expiration or termination of this Agreement. Key Fees, calculated in accordance with Section 3.3.4, shall be due and payable on all such VCPS Discs manufactured prior to, but remaining in stock with Replicator on the date of expiration or termination of this Agreement.

Any payment under this Agreement which is not made on the date(s) specified herein, shall accrue interest at the rate of 2% (two per cent) per month (or part thereof) or the maximum amount permitted by law, whichever is lower.

All costs, stamp duties, taxes and other similar levies arising from or in connection with the conclusion of this Agreement shall be borne by Replicator. In the event that the government of a country imposes any income taxes on payments by Replicator to Philips hereunder and requires Replicator to withhold such tax from such payments, Replicator may deduct such tax from such payments. In such event, Replicator shall promptly provide Philips with tax receipts issued by the relevant tax authorities so as to enable Philips to support a claim for credit against income taxes which may be payable by Philips or its Affiliates in The Netherlands and to enable Philips to document, if necessary, its compliance with tax obligations in any jurisdiction outside The Netherlands.

Article 5 – Records and Audit Rights

5.1. Maintenance and Retention of Records.

In order that (i) the statements to be provided by Replicator pursuant to Section 4.1, and (ii) the proper installation and use of Keys, payment of Key Fees, the proper disposal of VCPS Products and VCPS Components under this Agreement by Hardware Implementers and Master Manufacturers, may be verified, Hardware Implementer, Replicator, and Master Manufacturer shall keep complete and accurate books and records relating to the manufacture and sale, transfer or other disposal of VCPS Products and VCPS Components, insofar such VCPS Components contain Hardware Device Keys, the installation of Hardware Device Keys into VCPS Products and VCPS Components (in the case of Hardware Implementer), and the procurement of VCPS Stampers for the manufacture of VCPS Discs (in the case of Replicator) and the installation of DKBs into VCPS Masters (in the case of Master Manufacturer). Hardware Implementer, Replicator, and Master

Manufacturer shall keep such books and records available for a period of 5 years following the latest of the last manufacture, sale, transfer or other disposal of the VCPS Product or VCPS Component to which such books and records pertain.

5.2. Right to Audit.

Philips shall have the right from time to time to appoint one or more independent, certified public auditors, who is (are) not related to Philips or HP, to inspect Implementer's books and records only to the extent and for the sole purpose of verifying:

- a. In the case of Hardware Implementer, that (i) each product containing a Hardware Playback Function or a Hardware Recording Function contains a different Hardware Device Key, (ii) each Data Drive contains a different Hardware Device Key, and (iii) each VCPS Component containing a Hardware Device Key has been disposed of in accordance with Section 2.3.3;
- b. In the case of Master Manufacturer, that (i) each VCPS Master contains a different DKB, (ii) each VCPS Master has been disposed of in accordance with Section 2.3.2 and (iii) each VCPS Stamper has been disposed of in accordance with Section 2.3.1;
- c. In the case of Replicator, that (i) the statements submitted in accordance with Section 4.1 are true and correct, (ii) that information provided in accordance with Section 7.4 is true and correct, and (iii) that each VCPS Stamper used for embedding the DKBs has been procured from entities that are Master Manufacturers in accordance with Section 2.3.1.

5.3 Procedures for Audit.

Any inspection conducted pursuant to Section 5.2, shall take place no more than once per calendar year and shall be conducted in a commercially reasonable manner. Philips shall obligate the auditors to comply with the confidentiality requirements of Section 8.2 with respect to Company Confidential Information disclosed by Implementer or its Affiliates in the course of such audit. Philips shall give Implementer written notice of such inspection at least 7 days prior to the inspection. Implementer shall willingly co-operate and provide all such assistance in connection with such inspection as the auditors may require. The inspection shall be conducted at Philips's own expense, provided that in the event that any deficiency in payment or in the reporting of payments due to Philips exceeding 5% (five per cent) of the amount that should have been paid or reported had this Agreement been fully complied with, or in the event that the audit reveals a Material Breach by Implementer or its Affiliates that is subject to Liquidated Damages under section 10.2, the reasonable cost of the inspection shall be borne by Implementer, without prejudice to any other claim or remedy as Philips may have under this Agreement or under applicable law. Philips's right of inspection, as set out in this Section shall survive termination or expiration of this Agreement.

5.4 Inapplicability of this Article.

This Article 5 shall not apply to Implementer in the Role of Developer, Software Implementer or Component Implementer.

Article 6 – Change Procedures Regarding Specification And Compliance Rules

6.1 Limitation of Changes in Specification and Compliance Rules.

Philips shall not make changes in the Specification or Compliance Rules except as permitted by this Article 6, pursuant to the procedure set forth in this Article 6.

6.2 Permitted Changes.

6.2.1 Errors, Omissions and Bug Fixes.

Philips may clarify ambiguities in the Specification and Compliance Rules and may correct (i) typographical errors or similar mistakes in the Compliance Rules and Specifications, and (ii) any bugs, or other technical defects in VCPS, as long as such correction or clarification does not (a) materially amend or alter VCPS or expand VCPS functionality, (b) impose new limitations on the functionality of Compliant VCPS Products, (c) materially increase the cost or burden of implementing VCPS, or (d) have a material and adverse effect on the integrity or overall security of VCPS.

6.2.2 Additional Analog Outputs.

Philips may make changes to add additional analog copy control labeling technologies and permitted analog outputs in Compliance Rule Section A.1.2.1, as long as such additional technologies or outputs provide protection to commercially audiovisual content protected using VCPS that is no less robust than another technology identified in (a) said Section, (b) the DFAST License Agreement, (c) section 6.2.1.1 of the Procedural Specification for CSS as established by the DVD Copy Control Association, or (d) any rule that may be adopted by the FCC to govern analog outputs for commercial audiovisual content.

6.2.3 Changes to Conform to a Government Mandate.

Philips may make changes in the Specification and Compliance Rules applicable within the territory of a competent governmental authority (i) in order to comply with a requirement established by such governmental authority within the territory, or (ii) if such change is necessary in order to qualify as an authorized technology for use with the recording of commercial audiovisual content pursuant to a regulatory regime established or supervised by such governmental authority.

6.3 Procedure for Changes.

6.3.1 Announcement of a Proposed Change.

Philips shall notify Company in writing if a proposed change ("Proposed Change") of the Specification or Compliance Rules is under serious consideration by Philips. The notice will provide the details of the change under consideration and the rationale for the change.

6.3.2 Announcement of a Draft Change.

Not less than 90 days after the announcement of a Proposed Change, Philips shall notify Company in writing if Philips intends to adopt the Proposed Change in either its original form or in revised form, based on comments received or further consideration. The notice will provide the details of the change that Philips intends to make ("Draft Change") and the rationale for any difference between the Draft Change and the Proposed Change.

6.3.3 Consultation.

Philips will permit Company to comment on a Proposed Change and Draft Change at any time after announcement of the change. Philips will respond to and attempt to reconcile substantive comments from Company, Co-Implementers and Content Participants, and will, at the request of Company, meet with Company to discuss the Proposed Change or Draft Change.

6.3.4 Modification of the Draft Change.

Philips may modify a Draft Change, based on comments or discussions with Company, Co-Implementers or Content Participants. Philips shall notify Company in writing about any such modification to a Draft Change. The notice will provide the details of the modified Draft Change and the rationale for any difference between the modified Draft Change and the previously announced Draft Change.

6.3.5 Arbitration.

If Company objects to a Draft Change, and consultation pursuant to Section 6.3.3 does not result in an acceptable modification of the Draft Change, Company may seek arbitration, no later than 30 days after Philips' announcement of a Draft Change to which Company objects, by (i) providing Philips with written notice, at the address specified in the notice provision of this Agreement (Section 15.5), and (ii) submitting the request for arbitration to a neutral arbiter skilled in law and the applicable technology in accordance with the provisions of this Section 6.3.5 and the general provisions for arbitration as specified in Exhibit F. Philips shall notify Company in writing when a Co-Implementer or Content Participant has sought arbitration in accordance with the provision of this Section 6.3.5.

The disagreement between Company (the "Requesting Party") and Philips about a Draft Change shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules including its Supplementary Procedures for online Arbitration (as published by the American Arbitration Association on its website <http://www.adr.org/>), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

The parties to the arbitration shall be the Requesting Party, and Philips (collectively, the "Arbitration Parties").

Any Company with an interest in the Draft Change shall have the right to join in the arbitration as a party (either supporting or opposing the Draft Change) within 30 days after the request for arbitration was submitted to the American Arbitration Association. Only one arbitration action may be brought against Philips in relation to any particular Draft Change.

The Requesting Party and other parties opposing the Draft Change shall bear the burden of proving, by a preponderance of the evidence, that the Draft Change does not meet the criteria for Permitted Changes set forth in Section 6.2. The arbitrator(s) is (are) empowered solely to determine whether the Draft Change meets the criteria set forth in Section 6.2.

Philips shall not apply a Draft Change if the arbitrator(s) determine(s) that such Draft Change does not comply with Section 6.2. Philips may apply a Draft Change if the arbitrator(s) determine(s) that such Draft Change complies with Section 6.2.

In the event that the arbitrators fail to reach a decision within 180 days after submission of the request for arbitration, the change shall be deemed approved and the arbitration shall be terminated. The foregoing 180-day deadline may be extended by the arbitrator(s) only on the ground of unreasonable delay caused by Philips, and only for the time lost due to such delay.

In the event that the Requesting Party (and other parties to the arbitration opposing the change) and Philips reach agreement to modify the Draft Change, Philips shall provide notice to Company, Co-Implementers and Content Participants in accordance with Section 6.3.4, and the arbitration procedure shall be terminated.

6.3.6 Final Announcement of the Change.

A Draft Change in the Specification and Compliance Rules permitted by Section 6.2 may be adopted by Philips (i) after not less than 30 days have passed following the announcement of the Draft Change or the announcement of a modification of that Draft Change, and no arbitration has been commenced opposing the Draft Change, or (ii) following the conclusion or termination of all arbitration procedures that relate to the Draft Change, and the Draft Change is permitted pursuant to Section 6.3.5. Philips shall notify Company in writing that a Draft Change has been adopted.

6.3.7 Shortened Procedure for Non-Controversial Change.

The period of 90 days provided in Section 6.3.2 may be shortened to 30 days, and the period of 30 days provided in Sections 6.3.5 may be shorted to 15 days (collectively, "Shortened Periods") if Philips announces in its notice of a Proposed Change (as described in Section 6.3.1) that it believes the Proposed Change is non-controversial and that the Shortened Periods apply.

Notwithstanding the above, the Shortened Periods shall not apply in the event that two or more entities that are Implementers or Content Participants provide Philips with written notice, no later than 30 days after the announcement of Proposed Change and Shortened Periods by Philips and at the address specified in the notice provision of this Agreement (Section 15.5), that they object to the use of such Shortened Period for the Proposed Change. Philips shall, in such event, notify Company in writing that the normal periods, as specified in Sections 6.3.2 and 6.3.5, apply.

6.4 Implementation of Changes.

Implementer shall comply with all changes to the Specification and Compliance Rules that are permitted under Section 6.2, within 18 months after the notification by Philips of such amendments pursuant Section 6.3.6, or within such longer, reasonable, period as Philips may specify.

6.5 Enhancements and New Features.

6.5.1 Extensions.

Company is advised that it is possible that Philips will define extensions of VCPS or other encryption systems for audiovisual content that use a significant number of technical elements of the Specification ("VCPS Extensions"). For example and without limitation, such other encryption system may be (i) a system for encrypting other video formats on DVD+R and DVD+RW discs, (ii) a system for encrypting audiovisual content on other recording media, (iii) a system for encrypting audio formats on DVD+R and DVD+RW discs, or (iv) a system for recording audiovisual content that is labeled with control information other than the CCI than is currently defined in this Agreement for VCPS. Company acknowledges that approval by the FCC and/or CableLabs may be required prior to the application of such VCPS Extension in the territory of the United States.

6.5.2 Notification and Offer.

Philips shall offer Company at least ninety (90) day's notice and opportunity to review and comment on any VCPS Extension and will make a good faith effort to reconcile comments and objections to any such extension. Philips shall offer any VCPS Extension to Company under a different agreement, or as an addendum to this Agreement.

Article 7 – Revocation**7.1 Generally.**

The Specification includes means by which Keys that are embedded in VCPS Recorder/Player Products may be Revoked.

7.2 Right to Revoke.

Philips may revoke a Key (i) in accordance with the criteria and the procedure as set out in Exhibit D to this Agreement, and (ii) by order of a court of competent jurisdiction.

7.3 Obligations for Master Manufacturer after Revocation of a Device Key.

If and when Philips performs the Revocation of a Device Keys, all DKBs that are in Master Manufacturer's possession shall be expired. Upon such Revocation, Philips will notify Master Manufacturer of such expiration and upon such notification, Master Manufacturer shall within 30 days cease production of VCPS Masters and VCPS Stampers with an expired DKB. Upon Master Manufacturer's request, Philips shall replace unused DKBs that have expired with new DKBs. Philips shall replace such expired DKBs free of charge and without payment of any Administration Fee by Master Manufacturer.

7.4 Obligations for Replicator after Revocation of a Device Key.

Replicator shall, at the request of Philips, when Philips has reasonable grounds to suspect that a VCPS Stamper used by Replicator to manufacture VCPS Discs contains an expired DKB, provide Philips with the names of all Master Manufacturers from whom Replicator or any of its Affiliates has procured VCPS Stampers.

7.5 Obligations for Software Implementer after Revocation of a Device Key.

If and when Philips performs the Revocation of a Device Key, all Application Key Blocks that are in Software Implementer's possession shall be expired. Upon such Revocation, Philips will notify Software Implementer of such expiration and upon such notification, Software Implementer shall within 60 days cease the release of new versions of Software Playback Functions and Software Recording Functions with such expired Application Key Blocks. Upon Software Implementer's request, Philips shall replace unused Application Key Blocks that have expired with new Application Key Blocks. Philips shall replace such expired Application Key Blocks free of charge and without payment of any Administration Fee by Software Implementer.

Article 8 – Confidentiality

8.1 Confidential Information

This Section 8.1 is applicable only to Hardware Implementer, Software Implementer, and Component Implementer.

Confidential Information under this Agreement shall be Licensed Constant 1 and Licensed Constant 2, provided by Philips to Implementer according to the provisions of Section 3.1a.

Implementer may disclose Confidential Information only to its regular employees, to regular employees of its Affiliates, and to individuals retained as independent contractors subject to confidentiality obligations equivalent to those applicable to full-time employees of Company who need to know the Confidential Information to perform task that relate to this Agreement.

Company shall use, and shall ensure that those third parties who receive Confidential Information from Company use, the same degree of care to avoid unauthorized disclosure or use of Confidential Information as Company or such party, as the case may be, employs with respect to its comparably important confidential information, but in any event, no less than a reasonable degree of care.

8.2 Company Confidential Information

Company Confidential Information under this Agreement shall be (i) reports made by Replicators under Section 4.1, (ii) audit reports provided to Philips by the auditor under Section 5.1, and (iii) information on number of Keys ordered by Implementer and its Affiliates.

Philips shall use any Company Confidential Information provided by Company to Philips under this Agreement solely to perform administrative functions that relate to this Agreement.

Philips may disclose Company Confidential Information only to (i) regular employees, and individuals retained as independent contractors subject to confidentiality obligations equivalent to those applicable to full-time employees of Philips, who need to know the Company Confidential Information to perform administrative functions that relate to this Agreement, or (ii) Philips' attorneys, auditors or other agents who owe Philips a duty of confidentiality and are bound to maintain such information in confidence as a result of such confidential relationship. Without limiting the foregoing, Philips shall not disclose Company Confidential Information to any regular employee or other individual who is directly or indirectly responsible for the manufacture, sale, transfer, or other disposal of VCPS Products, or products that compete with VCPS Products in the market.

Philips shall use, and shall ensure that those third parties who receive Company Confidential Information from Philips, use the same degree of care to avoid unauthorized disclosure or use of Company Confidential Information as Philips or such party, as the case may be, employs with respect to its comparably important confidential information, but in any event, no less than a reasonable degree of care.

Notwithstanding the foregoing, Philips may use Company Confidential Information in connection with any legal procedure arising from a breach, or perceived breach, of this Agreement, and generally, in order to protect its rights under this Agreement and at law, provided that Philips shall

take reasonable care to prevent disclosure of Company Confidential Information, such as, for example, by seeking suitable protective orders or by providing Company with the opportunity to seek suitable protective orders.

8.3 Highly Confidential Information

The only Highly Confidential Information under this Agreement shall be Device Keys.

Company shall use Highly Confidential Information (and tangible embodiments of any Highly Confidential Information) solely for purposes of its implementation of VCPS in accordance with the terms and conditions of this Agreement.

8.3.1 Procedures for Handling Highly Confidential Information.

Implementer shall employ procedures for safeguarding Highly Confidential Information at least as rigorous as Implementer employs for its own most highly confidential information. Such procedures shall include, at a minimum:

- (1) Implementer shall maintain on its premises a secure location in which any and all Highly Confidential Information shall be stored;
- (2) Any Highly Confidential Information stored in such a location shall be accessible only by Authorized Employees;
- (3) Implementer shall keep a record of access of the Highly Confidential Information by Authorized Employees; and
- (4) As long as Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location.

8.3.2 Dissemination to Employees.

Implementer may disseminate Highly Confidential Information only to the strictest minimum possible number of regular full-time employees of Implementer and to regular employees of its Affiliates: (i) who have an absolute need to know such Highly Confidential Information in order to enable Implementer and such Affiliates to implement VCPS Products; (ii) who are bound in writing by obligations of confidentiality sufficient to protect the Highly Confidential Information in accordance with the terms of this Agreement, and (iii) who, prior to the disclosure of such Highly Confidential Information, have (x) been identified in writing by Implementer to Philips; and (y) read and executed the acknowledgement form attached as Exhibit E hereto (a copy of such executed acknowledgement to be sent to Philips at the address specified in Exhibit E); Implementer shall, at all times, cause Authorized Employees to strictly abide by their obligations hereunder and shall use the same efforts to enforce the confidentiality obligations of each Authorized Employee after the termination of his/her employment as Implementer uses to enforce with respect to Implementer's own similarly confidential information, provided, that Implementer shall not use less than reasonably expected efforts in such enforcement.

Notwithstanding any contrary provision, Implementer shall not disseminate any Keys to more than 3 Authorized Employees, unless Implementer has notified Philips in advance of its intention to increase the number of Authorized Employees to an additional increment of up to 3 such employees. Implementer may change such Authorized Employees by request to Philips, but in doing so shall abide by the terms of this Section 8.3.2.

8.3.3 Disclosure to Co-Implementers

Implementer may also disclose Highly Confidential Information to a Co-Implementer where (i) such Co-Implementer is providing services to Implementer, or where Implementer is providing services to such Co-Implementer, pursuant to the right under Section 2.1 to “have made” VCPS Products, (ii) such Co-Implementer is authorized to possess such Highly Confidential Information and (iii) the employee to whom disclosure is made is an Authorized Employee. Prior to any disclosure pursuant to the preceding sentence, Implementer must assure itself that such Co-Implementer is, in fact, authorized to possess the Highly Confidential Information to be disclosed, that the employee to whom such disclosure is to be made is entitled to possess the Highly Confidential Information to be disclosed, and that the method to be used to disclose Highly Confidential Information is as secure as the methods used by Philips to disclose the same information to Implementer.

Article 9 – Logo

9.1 Use of the VCPS logo

For the term of this Agreement and subject to the full and timely performance and observance by Implementer of all its undertakings and obligations hereunder, Implementer shall be entitled to use on VCPS Products as well as in advertisements and sales literature with respect to VCPS Products sold by Implementer, a logo (hereinafter referred to as "the Logo") in accordance with the instructions laid down in the VCPS Logo Guide which shall be made available to Implementer on Philips' website or by such other means as Philips may elect.

9.2 Changes in the VCPS Logo Guide

Implementer acknowledges that Philips may make changes in the VCPS Logo Guide at its discretion. Philips shall notify Company in writing of any such changes. Implementer shall comply with any and all changes to the VCPS Logo Guide within 12 months after the notification by Philips of such change, or within such longer period as Philips may specify.

9.3 No warranty

Implementer acknowledges and agrees that Philips makes no warranty whatsoever that any use of the Logo does not infringe or will not cause infringement of any third party intellectual property rights.

Article 10 – Remedies –Third Party Beneficiaries

10.1 Material Breach by Implementer

For the purpose of this Agreement, a “Material Breach” by Implementer shall be any one of the following breaches by it or its Affiliates: (i) the sale, transfer or other disposal of VCPS Recorder/Player Products that fail to comply with the Compliance Rules (ii) the sale, transfer or other disposal of VCPS Stampers to entities that are not Replicators or Master Manufacturers, (iii) the sale, transfer or other disposal of VCPS Masters to entities that are not Master Manufacturers, (iv) the sale, transfer or other disposal of VCPS Components that contain an embedded Device Key to entities that are not Hardware Implementers or Software Implementers, (v) the sale, transfer or other disposal by Hardware Implementer or its Affiliates of two or more Data Drives that contain an identical Device Key, (vi) the sale, transfer or other disposal by Hardware Implementers or its

Affiliates of products containing a Hardware Playback Function or a Hardware Recording Function where two or more of these products contain an identical Device Key, (vii) the manufacturing by Master Manufacturer or its Affiliates of two or more VCPS Masters with an identical DKB in breach of the provisions of Section 3.3.3, (viii) the manufacture by Master Manufacturer or its Affiliates of a VCPS Master containing an 'expired DKB' in breach of the provisions of Section 7.3, (ix) the release by Software Implementer or its Affiliates of new versions of Software Playback Functions or Software Recording Functions containing an expired Application Key Block, in breach of the provisions of Section 7.5, and (x) a breach by Implementer or its Affiliates of the provisions of Section 8.3 for protecting Highly Confidential Information.

10.2 Liquidated damages.

The Parties agree that the damages to Philips, Content Participants and Co-Implementers resulting from a Material Breach of this Agreement by Implementer are substantial and likely to be impossible to calculate. In the event of any such a Material Breach by Implementer that (i) involves the manufacture, sale, transfer or other disposal of VCPS Products that violate the VCPS Compliance Rules and as a result fail to protect VCPS protected content as contemplated hereby, (ii) involves the sale, transfer or other disposal of VCPS Components containing an embedded Device Key to entities that are not Hardware Implementers or Software Implementers, or (iii) involves a breach by Implementer or its Affiliates of the provisions of Section 8.3 for protecting Highly Confidential Information, Implementer shall be liable to Philips by way of liquidated damages and not by way of penalty in an amount equal to its profits on such devices or software, and in no event less than € 500,000 (five hundred thousand Euros) or more than € 4,000,000 (four million Euros). For the purpose of this Section 10.2, any substantially related series of breaches shall be deemed a single breach. Notwithstanding the forgoing, a breach shall not be considered a Material Breach for the purposes of this Section 10.2 if Implementer and its Affiliates maintain an internal program to assure compliance with the obligations under this Agreement and the breach was inadvertent or otherwise unintentional.

10.3 Equitable and Injunctive Relief.

The Parties agree and acknowledge that due to the unique potential for lasting effect and harm from a Material Breach of this Agreement, including the making available the means for widespread unauthorized distribution of copyrighted content intended to be protected by VCPS, if Implementer or its Affiliates commit a Material Breach of its obligations hereunder, money damages alone may not be a sufficient remedy.

10.3.1 Equitable Relief for Philips

In case Implementer is in Material Breach of this Agreement, Philips shall be entitled, without prejudice to any other right or remedy to which Philips may be entitled hereunder, to such injunctive and other equitable relief as may be deemed proper by a court of competent jurisdiction in order to restrain such Material Breach. Any such action by Philips shall not be exclusive of any right of any Third Party Beneficiary hereunder.

10.3.2 Injunctive Relief for Eligible Content Participants

Implementer agrees that each Content Participant who at the material time (i) has an annual turnover in each of the three previous fiscal years from the production, distribution or transmission of such audiovisual content of more than one hundred million Euros and (ii) is in compliance with its obligations under Sections 2.5 and 3.1.b of this Agreement ("Eligible Content Participant"), shall have the right to bring an action against Implementer, for any Material Breach that is likely to result

in commercially significant harm to such Eligible Content Participant, to obtain an injunction to prevent or restrain such Material Breach. The third party beneficiary right granted hereby is limited to the above referenced injunctive relief and shall not extend to monetary relief of any kind.

10.4 Third Party Beneficiary Claims.

Any Eligible Content Participant who has been or will be potentially harmed by a Material Breach by Implementer may commence an action seeking the remedies set forth in Section 10.3.2. Said Eligible Content Participants shall provide written notice to Philips within 5 business days of the commencement of said action, which notice Philips shall promptly provide to all other Content Participants. Any Eligible Content Participant who has been harmed or may be harmed by the same breach shall have the right to join in said action by seeking to intervene within 30 days of the receipt of written notice from Philips, and may not bring a separate action with respect to such breach. It is the intent of this Agreement that only one third party beneficiary action may be brought against Implementer arising out of the same breach, and this Agreement shall not be construed to create any third party beneficiary right with respect to the same breach that is not joined in the same action. Company shall not object to any motion to intervene brought in compliance with this Section 10.4. For the purpose of Sections 10.3.2 and 10.4, any substantially related series of breaches shall be deemed a single breach. Failure by a Content Participant or by Philips to provide notice hereunder shall not be a defense against any third party beneficiary claim nor shall such failure be grounds for delay in the granting of any preliminary relief.

In the event of a claim by a Eligible Content Participant brought against Implementer in accordance with the provisions of this Agreement, the prevailing party in such action shall be entitled, in addition to any form of relief as may be awarded in such action, to recover from the non-prevailing party in such action, its reasonable attorneys fees in connection with said action, provided that Implementer shall not be responsible for attorneys fees resulting from the participation of more than one Eligible Content Participant in an action.

Eligible Content Participant shall have no right to, and Implementer and Eligible Content Participant (as the case may be) agrees that it will not, without Philips' written consent, enter into any settlement that: (i) amends any material term of any VCPS Agreement; (ii) has an adverse effect on the integrity, performance or security of VCPS with respect to operation within the Field of Use; or (iii) affects any of Philips' or HP's rights in and to VCPS or any intellectual property right embodied therein.

Nothing contained in these third party beneficiary procedures is intended to limit remedies or relief available pursuant to statutory or other claims that a third party beneficiary may have under separate legal authority.

Article 11 – Term/Termination

11.1 Termination.

This Agreement shall enter into force on the Effective Date and shall remain in force until 1 July 2014 unless terminated earlier in accordance with the provisions of this Article 11. It shall be renewed automatically for subsequent terms of 5 years, unless either party gives the other party not less than 90 days written notice prior to the end of the initial or any subsequent 5 year term, that it

does not wish to renew the Agreement. Notwithstanding the foregoing Philips may terminate this Agreement forthwith by means of notice in writing to Company in the event that a creditor or other claimant takes possession of, or a receiver, administrator or similar officer is appointed over any of the assets of Company or in the event that Company makes any voluntary arrangement with its creditors or becomes subject to any court or administration order pursuant to any bankruptcy or insolvency law.

Additionally, insofar as legally permitted, Philips may terminate this Agreement at any time by means of written notice to Company in case Company or any of its Affiliates has been found liable by a competent court or administrative authority to have committed an act of willful copyright infringement for commercial gain.

11.2 Termination by Company.

Company shall have the right to terminate this Agreement at any time upon 90 days' prior written notice to Philips. Such termination, however, shall not entitle Company to a refund of any fees paid under this Agreement, nor to a waiver of fees or reporting obligations due at the time of termination. Further, any such termination shall be without prejudice to any obligations of Company at the time of such termination.

11.3 Uncured Breach.

In the event that either party materially breaches any of its obligations hereunder, and such breach is not cured within 60 days after written notice is given to the breaching party specifying the breach, then the non-breaching party may, by giving written notice thereof to the breaching party, terminate this Agreement, upon the expiration of a 60-day period beginning on the date of such notice of termination. For the purpose of this Article 10, a material breach is (a) a failure to pay any fees due hereunder or (b) a Material Breach subject to liquidated damages under Section 10.2, or (c) failure by Company to implement reasonable measures to prevent frequent re-occurrence of revocation of Device Keys after Device Keys issued to Company and its Affiliates have been revoked repeatedly.

11.4 Effect of Termination.

Upon expiration or early termination of this Agreement, (i) the undertaking not to assert pursuant to Section 2.1 shall no longer apply for VCPS Products and VCPS Components manufactured by Implementer or any of its Affiliates after the date of expiration or termination (ii) Philips shall no longer supply any Keys to Implementer, (iii) Implementer and its Affiliates shall immediately cease the use, sale, transfer or other disposal of any such Keys, VCPS Products, and VCPS Components and within 30 days after expiration or early termination of this Agreement, Implementer shall return or destroy, in the manner directed by Philips in the Key Order Form, all Keys that are in its and in its Affiliates possession, custody or control.

11.5 Survival.

Following termination of this Agreement for any reason, the following Sections and Articles shall survive: Sections 1.3, 2.4, 2.5, 4.1 (as far as related to the period before termination), 4.2, 5.1, 5.2, and 7.2, Article 8, Article 9, this Section 11.5, Article 13, Article 14, and Section 15.10.

Article 12 – Taxes and other Deductions

All costs, stamp duties, taxes, import duties, VAT, sales taxes, withholding taxes and other similar levies arising from or in connection with the conclusion of this Agreement shall be borne by Company.

In the event that the government of any country imposes any income taxes on payments made by Company to Philips hereunder and requires Company to withhold such tax from such payments, Company may deduct such tax from such payments. In the event that the government of any country requires Company to withhold tax from payments on the price as stated in Section 3.3.1, Company shall gross up the amount due, deduct tax from the grossed-up amount, and pay the net amount due.

In the event that Company withholds tax from payments, Company shall promptly provide Philips with tax receipts issued by the relevant tax authorities so as to enable Philips to support a claim for credit against income taxes which may be payable by Philips or its Associated Companies in The Netherlands and to enable Philips to document, if necessary, its compliance with tax obligations in any jurisdiction outside The Netherlands.

All payments made in connection with this Agreement shall be made without any deduction whatsoever, whether for bank transmission charges or otherwise, except as defined in this Article 12.

Article 13 – Representations, Warranties, Disclaimers, and Liability Limitations

13.1 Warranties.

13.1.1 Authority to Enter into this Agreement

Philips and Company each represent and warrant (i) that it has the right, power and authority to enter into this Agreement, (ii) that the execution, delivery and performance of this Agreement have been duly authorized by it and (iii) that the person executing this Agreement on its behalf has been duly authorized to execute this Agreement and to bind the party concerned and its Affiliates.

13.2 Disclaimer.

EXCEPT AS EXPRESSLY SET FORTH IN SECTION 13.1.1, PHILIPS MAKES NO REPRESENTATIONS OR WARRANTIES INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES (STATUTORY OR OTHERWISE), AND EXPRESSLY DISCLAIMS ANY 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 DISCLOSURES UNDER OR RELATING TO THIS AGREEMENT. PHILIPS FURTHER DISCLAIMS ANY WARRANTY THAT THE SPECIFICATION AND ANY IMPLEMENTATION THEREOF (INCLUDING WITHOUT LIMITATION IMPLEMENTATION PROTECTION VCPS PRODUCTS AND VCPS COMPONENTS) WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

13.3 Liability Limitations.

NEITHER PHILIPS NOR HP NOR PHILIPS' OR HP'S AFFILIATES, DIRECTORS, OFFICERS, AGENTS, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICERS, OR EMPLOYEES ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY, THE "AFFECTED PARTIES") SHALL BE LIABLE TO COMPANY, ITS OFFICERS, MEMBERS, REPRESENTATIVES, AGENTS, DIRECTORS, EQUIVALENT CORPORATE OFFICIALS, AND EMPLOYEES NOR TO COMPANY'S ASSIGNEES, SUCCESSORS IN TITLE, SHAREHOLDERS, AFFILIATES, ETC. FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, OR BASED ON MAKING, USING, SELLING, OFFERING TO SELL, IMPORTING, OR DISTRIBUTING ANY PRODUCTS OF COMPANY THAT IMPLEMENT VCPS OR ANY ASPECT THEREOF, WHETHER UNDER THEORY OF CONTRACT, TORT (INCLUDING WITHOUT LIMITATION INFRINGEMENT OF INTELLECTUAL PROPERTY), INDEMNITY, PRODUCT LIABILITY, OR OTHERWISE.

IN THE EVENT THAT ANY COURT OF COMPETENT JURISDICTION RENDERS JUDGMENT AGAINST PHILIPS OR HP OR ANY AFFECTED PARTY NOTWITHSTANDING THE ABOVE LIMITATION, THE AFFECTED PARTIES' AGGREGATE LIABILITY TO COMPANY AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT AND WITH THE USE OF VCPS SHALL IN NO EVENT EXCEED THE AMOUNT OF MONEY PAID BY COMPANY UNDER THIS AGREEMENT FOR THE MOST RECENT ONE YEAR PERIOD.

Article 14 – Indemnifications**14.1 Company's Indemnification.**

Company shall indemnify and hold harmless Philips and its Affiliates, HP and its Affiliates, and their respective officers, members, representatives, agents, directors, equivalent corporate officials, and employees from and against any and all damages, costs and expenses (including without limitation reasonable attorneys' fees and related expenses) which result from (i) any material breach of this Agreement by Company, (ii) any aspect of Company's products or components, or the use thereof, other than VCPS, (iii) the use of VCPS by Company or its Affiliates in any manner other than as authorized by this Agreement in accordance with the Specification, (iv) the use of VCPS by Company or its Affiliates in any manner contrary to any provision of applicable law or (v) modifications, alterations, combinations or enhancements of VCPS by Company or its Affiliates which were not authorized or required by Philips.

14.2 Philips' Indemnification.

Philips shall indemnify and hold harmless Company and its Affiliates and their respective officers, members, representatives, agents, directors, equivalent corporate officials, and employees from and against damages, costs and expenses (including without limitation reasonable attorneys' fees and related expenses) up to the amount of the limit set forth in Section 13.3, which result from the breach by Philips of any of its representations and warranties set forth in Section 13.1.1, except to the extent such claim is based upon: (i) use of VCPS other than as permitted by the Specification, (ii) modifications, alterations, combinations or enhancements of VCPS not created or directed by

Philips, or (iii) any patent, copyright, trade secret or trademark that Implementer or any of its Affiliates owns (or has the right to license) and has the right to use. Notwithstanding the above, Philips' total liability under this section shall in no event exceed (i) with respect to any Company and its Affiliates, the amount of fees paid by such Company during the immediately prior calendar year under this Agreement; or (ii) with respect to all VCPS Implementers or Content Participants within the Field of Use, the aggregate of fees received by Philips in the immediately prior calendar year under Video Content Protection System Agreements.

Article 15 – Miscellaneous

15.1 Public Listing as Adopter

Philips shall have the right to include the name of Company in a list of adopters of the Video Content Protection System Agreement and make such list public, unless Company notifies Philips in writing, on the Effective Date of this Agreement, that Company objects to being listed in such publication.

15.2 Ownership.

The VCPS Intellectual Property, all proprietary information in VCPS and the Specification, the media containing such Specification, and all proprietary information related to VCPS that is furnished to Company shall remain the property of Philips and HP. This Agreement grants no ownership rights to Company and, except as expressly provided herein, does not give Company any license or other right to use any of the materials or information furnished to Company hereunder.

15.3 Compliance With Export Laws.

Company acknowledges that technical data provided under this Agreement, and products based on or using these technical data, may be subject to restrictions under national export control laws. Company shall comply in full with all applicable rules and regulations on export control. Company shall obtain any approval required under such laws and regulations whenever it is necessary for export or re-export insofar as they relate to the activities under this Agreement.

15.4 Entire Agreement.

This Agreement, the Exhibits hereto and the Specification constitute the entire Agreement between Parties with respect to the subject matter hereof and supersede all prior oral, written or other agreements. Except as otherwise provided herein, this Agreement may not be modified except by written agreement dated subsequent to the date of this Agreement and signed by both Parties.

15.5 Notice.

Any notice required under this Agreement to be sent by either party shall be given in writing by letter or facsimile directed to:

- a. With respect to Company, the address and contact person listed on the first page of this Agreement.

- b. With respect to Philips,
Philips Intellectual Property & Standards
Legal Department
Building WAH-2
P.O. Box 220
5600 AE Eindhoven
The Netherlands

or to such other address as may have been previously specified by either party by written notice to the other party.

15.6 Assignment.

The rights granted hereunder are personal to Company, and Company's rights under this Agreement shall not be assigned or otherwise transferred except with (a) the written approval of Philips or (b) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of Company or to the surviving entity in a merger, reorganization, or other business combination and where notice of such assignment has been provided in advance to Philips and where the surviving or acquiring company agrees in writing to be bound by this Agreement. 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. Philips may assign or transfer this Agreement to any third party that agrees to assume Philips' obligations hereunder, and will provide Company with written notice thereof.

15.7 Severability.

Should any part of this Agreement judicially be declared to be invalid, unenforceable, or void by any court of competent jurisdiction, the Parties agree that the part or parts of this Agreement so held to be invalid, unenforceable, or void shall be reformed by such court without further action by the Parties hereto but only to the extent necessary to make such part or parts valid and enforceable.

15.8 No Waiver.

A waiver by either 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.

15.9 Most Favored Status

Philips shall offer the rights granted hereunder to all parties on fair, non-discriminatory, and equal terms. Should Philips change any provision in any other Video Content Protection System Agreement, Company shall be given the opportunity to upgrade to such revised agreement. The benefit of any clarifications or interpretations of language shall apply to all who have executed this Video Content Protection System Agreement. Philips shall take reasonable steps to keep Company informed of any changes to the Video Content Protection System Agreement, clarifications, or interpretations, such as by way of example, publishing the most recent version of the Video Content Protection System Agreement on its website.

15.10 Governing Law; Jurisdiction.

This Agreement 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. The Parties to this Agreement hereby consent to the exclusive jurisdiction and venue in the state courts located in the County of New York, New York and in the United States District Court for the Southern District of New York, except that (i) third party claims brought pursuant to Section 10.4 may be brought and adjudicated in a court sitting in Los Angeles County, California, and (ii) at the election of Philips, insofar as it and defendant(s) is concerned, the dispute may be brought and adjudicated in the competent courts in the venue of Company's registered office or in the territory where VCPS Products that do not comply with the Specifications and/or Compliance Rules are manufactured and/or sold or otherwise distributed.

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

KONINKLIJKE PHILIPS ELECTRONICS N.V. [COMPANY]

Name:

Name:

Title:

Title:

Reference copy

Exhibit A – Compliance and Robustness Requirements

A.1 – Compliance Requirements

A.1.1 Record Control Rules

A.1.1.1 Analog And Digital Inputs

VCPS is an encryption technology for video recording. This Video Content Protection System Agreement does not itself define under what circumstances a video recording product must apply VCPS to encrypt a video recording. The rules that mandate the application of encryption technology may be set by (i) the law in the territory where a video recording product is sold, (ii) the source of the video content, and/or (iii) the format and/or patent license for the recording technology.

For example, and without limitation, rules for analog and digital inputs, that may be applicable for video recording products that use VCPS as the encryption technology, can be found in the following sources: (i) the DVD+RW Recorder Content Protection Agreement defines record control rules for the analog and digital inputs of a DVD+RW recorder, (ii) the license agreement for an Authorized Digital Output Technology (term defined in the Broadcast Flag regulation) will set the rules for encryption of video data that is received via such Authorized Digital Output Technology, (iii) the FCC defines the rules for recording video from a Broadcast Flag protected source.

A.1.1.2 Limitations On The Use Of VCPS

VCPS may be used only to encrypt video content for which the Copy Control Information on the input indicates that (i) the Broadcast Flag is set, (ii) the EPN flag is set, or (iii) the copy control status is “Copy One Generation”.

When making an encrypted recording with VCPS, the CCI and APS Trigger Bits in the Navigation Packs shall be set as follows:

- If the CCI on the input signal indicates "Copy One Generation", then CGMS bits in the Navigation Packs of the recorded audiovisual content must be set to “Copy No More” (i.e. bits 6 and 7 of Byte 80 of the Navigation Pack, as described in Section 6.4.1 of the Specification, must be set to ‘11’).
- If the CCI on the input signal indicates "EPN" or "Broadcast Flag", then the EPN bit in Navigation Packs of the recorded audiovisual content must be set (i.e. bit 4 of Byte 80 of the Navigation Pack, as described in Section 6.4.1 of the Specification, must be set to ‘1’).
- If so mandated by the source of the audiovisual content, the APS Trigger Bits in the Navigation Pack shall be set in accordance with the Specification.

A.1.1.3 Prevent writing Unique ID under user control

When recording the Unique ID, Data Drives and Hardware Recording Functions shall record a random, non-zero, 40-bit number as defined in Section 6.3.2 of the Specification.

Data Drives and Hardware Recording Functions shall not provide any vendor unique command, hidden command, and/or any other interface that would allow a user to specify the value of the Unique ID that is recorded.

In Data Drives and Hardware Recording Functions manufactured and shipped after-December 31, 2009, a Hardware Implementation shall ensure that only random numbers can be recorded in the location that stores the Unique ID.

A.1.2 Playback Control Rules

A.1.2.1 Analog Outputs

A.1.2.1.1 Responding to the CCI and APS Trigger Bits in Navigation Packs

When playing Decrypted Audiovisual Data through an analog output, a VCPS Recorder/Player Product shall apply an analog copy protection labeling technology in compliance with the CCI and APS Trigger Bits in the Navigation Pack that is associated with this Decrypted Audiovisual Data.

The applicable analog copy protection labeling technology is:

- If the APS flags in the Navigation Pack are set and the applicable CCI state is “Copy Never” or “Copy No More”, then Automatic Gain Control and/or Color-stripe technologies specified in Section A.1.2.1.3 shall be applied.
- If the CGMS bits (i.e. bits 6 and 7 of Byte 80 of the Navigation Pack) are not ‘00’, then the CGMS-A technology as specified in Section A.1.2.1.3 shall be applied.

A.1.2.1.2 Copy No More and Copy Never Content

A VCPS Recorder/Player Product shall not pass Decrypted Audiovisual Data with CCI status “Copy No More” and/or “Copy Never” to an analog output, except for (i) analog outputs for which an analog copy control labeling technologies is listed in Section A.1.2.1.3, (ii) any analog output approved for use under the DFAST License Agreement, and (iii) output to computer monitors as specified in Section A.1.2.1.5.

A.1.2.1.3 List of analog copy control labeling technologies

1. Automatic Gain Control (AGC) and color-stripe for NTSC, PAL or SECAM signals, as contained in the document titled “Specifications of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, September 30, 1999”
2. Automatic Gain Control (AGC) and color-stripe for 525p(480p) progressive scan signal, as contained in the document titled “Specifications of the Macrovision AGC Copy Protection Waveforms for DVD Applications with 525p (480p) Progressive scan Outputs, Revision 1.03 (December 22, 1999)”
3. CGMS-A for NTSC signals and for component (480p, 720p, 1080i) signals, as documented in:
 - IEC 61880 Video Systems (525/60) - Video and Accompanying Data Using the Vertical Blanking Interval - Analogue Interface
 - EIA/CEA-608-B Line 21 Data Services
 - CEA-805-A Data on the Component Video Interfaces
4. CGMS-A for PAL and SECAM signals, as documented in:
 - ETS 300294
 - IEC 62375

A.1.2.1.5 Computer Monitors

The Specifications do not provide the technical capability for recording high resolution video content as Encrypted Audiovisual Data. Hence, these Compliance Rules do not set constraints that

limit the output resolution of Decrypted Audiovisual Data to a computer monitor. A VCPS Recorder/Player Product may pass Decrypted Audiovisual Data through a VGA or S-VGA output to a monitor, in analog form.

A.1.2.1.6 High definition analog output

The Specifications do not provide the technical capability for recording high resolution video content as Encrypted Audiovisual Data. Hence, these Compliance Rules do not set constraints that limit the output resolution of Decrypted Audiovisual Data.

A.1.2.2 Digital Outputs

A.1.2.2.1 In the territory of the United States

In the territory of the United States, Decrypted Audiovisual Data with the state EPN shall not be transmitted on any digital output technology, except for digital output technologies that are permitted, at the time of manufacturing the VCPS Recorder/Player Product, by the FCC to be used by a “Covered Demodulator Product” for the passing of “Marked Content” pursuant to the FCC Broadcast Flag regulation (terms defined in the regulation). When transmitting Decrypted Audio Visual Data encoded with the EPN state to such a digital output technology, a VCPS Recorder/Player Product cause the digital output technology to encode the data with the appropriate encoding for content marked with the Broadcast Flag and shall comply with any associated obligations imposed by the FCC under the Broadcast Flag regulation to the same extent as a Covered Demodulator Content passing Marked Content to such an output.

In the territory of the United States, Decrypted Audiovisual Data with the state Copy No More and/or Copy Never shall not be transmitted on any digital output technology, except for digital output technologies that are approved, at the time of manufacturing the VCPS Recorder/Player Product, under the DFAST License Agreement for use in “Unidirectional Digital Cable Products” for the output of “Controlled Content” (terms defined in the DFAST License Agreement). When transmitting Decrypted Audio Visual Data encoded with the state Copy No More or Copy Never to such a digital output technology, a VCPS Recorder/Player Product shall cause the digital output technology to encode the data with the appropriate encoding for content marked with the applicable state and shall comply with any associated obligations imposed under the DFAST License Agreement to the same extent as a Unidirectional Cable Product passing Controlled Content to such an output.

Notwithstanding the above, the audio portion of Decrypted Audiovisual Data with CCI status EPN or Broadcast Flag may be transferred to any analog or digital output permitted by the FCC to be used by a “Covered Demodulator Product” for the passing of the audio portion of “Marked Content” pursuant to the FCC Broadcast Flag regulation (terms defined in the regulation). The audio portion of Decrypted Audiovisual Data with CCI status Copy No More may be transferred to any analog or digital output permitted by the DFAST License Agreement for use in “Unidirectional Digital Cable Products” for the output of the audio portion of “Controlled Content” (terms defined in the DFAST License Agreement).

A.1.2.2.2 In territories with government regulation on digital output technologies

In territories where the government has regulated digital output technologies for use with terrestrial, cable, or satellite broadcast of television signals, Decrypted Audiovisual Data with the states Copy

Never, Copy No More or EPN shall not be transmitted on any digital output technology except for digital output technologies approved by such government, at the time of manufacturing the VCPS Recorder/Player Product, for use in its territory.

A.1.2.2.3 In other territories

In all other territories, Decrypted Audiovisual Data shall not be transmitted on any digital output technology except for digital output technologies that are approved for use in the territory of the United States under Section A.1.2.2.1.

A.1.2.3 Detection of tampering with the CCI and APS Trigger Bits in the Navigation Packs

When playing Decrypted Audiovisual Data, the Playback Function shall verify that the CCI and APS Trigger Bits in each Navigation Pack in such Decrypted Audiovisual Data are identical with the CCI and APS Trigger Bits in the CCI-MAC in said Navigation Pack, as specified in Section 6.4.1 of the Specification. If the CCI or APS Trigger Bits in said Navigation Pack is not identical with the information in the CCI-MAC, the Playback function shall select and apply the most restrictive CCI or APS Trigger Bits from Navigation Pack and CCI-MAC.

A.1.3 Integrated Products

A Playback Function may be integrated with a recording function in a single housing, provided that such recording function will not make recordings of Decrypted Audiovisual Data except for recordings that would be allowed if such recording function resided in a separate housing, and was connected with the Playback Function in compliance with Section A.1.2 of these compliance rules. Such recordings shall be subject to the same requirements for playback that they would be subject to were they made on a recording function in a separate housing.

A.1.4 Protection of the VCPS Watermarks

For the purpose of this Section A.1.4, the "VCPS Watermarks" shall comprise any of the watermark technologies selected by CableLabs in relation with the DFAST License Agreement, by Philips in relation with the DVD+RW Recorder Content Protection Agreement, by the DVD-CCA in relation with the CSS agreement, or by the DTLA in relation with its Digital Transmission License Agreement.

Commencing on the date that Philips notifies Implementer that one or more VCPS Watermarks have been identified, Implementer:

- (1) Shall, when selecting among technological implementations for product features of VCPS Recorder/Player Products designed after such date, take commercially reasonable care (taking into consideration the reasonableness of the costs of implementation, as well as the comparability of their technical characteristics, of applicable commercial terms and conditions, and of their impact on audiovisual content that is encrypted or decrypted using VCPS, and on the effectiveness and visibility of the VCPS Watermarks) that VCPS Recorder/Player Products, when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording, do not strip, interfere with or obscure the VCPS Watermarks;
- (2) Shall not design new VCPS Recorder/Player Products for which the primary purpose is to strip, interfere with or obscure the VCPS Watermarks when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording; and
- (3) Shall not knowingly promote or knowingly advertise or knowingly cooperate in the promotion or advertising of VCPS Recorder/Player Products for the purpose of stripping, interfering with or

obscuring the VCPS Watermarks when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording.

Commencing eighteen (18) months after Philips notified Implementer that one or more VCPS Watermark have been identified, Implementer:

- (1) Shall not produce VCPS Recorder/Player Products for which the primary purpose is to strip, interfere with or obscure the VCPS Watermarks when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording; and
- (2) Shall not knowingly distribute or knowingly cooperate in distribution of VCPS Recorder/Player Products for the purpose of stripping, interfering with or obscuring the VCPS Watermarks when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording.
- (3) This Section 2.5 shall not prohibit a VCPS Recorder/Player Product from incorporating legitimate features (i.e., zooming, scaling, cropping, picture-in-picture, compression, recompression, image overlays, overlap of windows in a graphical user interface, audio mixing and equalization, video mixing and keying, down-sampling, up-sampling, and line doubling, or conversion between widely-used formats for the transport, processing and display of audiovisual signals or data, such as between analog and digital formats and between PAL, SECAM and NTSC or RGB and Y,Pb,Pr formats, as well as other features as may be added to the foregoing list from time to time by Philips by amendment to these Compliance Rules) that are not prohibited by law, and such features shall not be deemed to strip, interfere with or obscure the VCPS Watermarks when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording, provided that (a) Implementer shall, at all times after Philips identifies the VCPS Watermarks, take commercially reasonable care, in accordance with Section 2.5, that such features in a VCPS Recorder/Player Product do not strip, obscure, or interfere with the VCPS Watermark when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording, and (b) Implementer shall not knowingly market or knowingly distribute, or knowingly cooperate in marketing or distributing, such VCPS Recorder/Player Products for the purpose of stripping, obscuring or interfering with the VCPS Watermarks when making an encrypted recording with VCPS or when playing back a VCPS-encrypted recording.

A.2 – Robustness Requirements

A.2.1 Construction

VCPS Recorder/Player Products as shipped shall conform to the Specifications and the Compliance Rules. Further, VCPS Recorder/Player Products shall be designed and manufactured to effectively resist attempts to modify such VCPS Recorder/Player Products to defeat the content protection system as specified by the Specifications and Compliance Rules.

A.2.2 No Defeating Functions

VCPS Recorder/Player Products shall not include:

- (a) switches, buttons, jumpers, or software equivalents thereof, or
- (b) traces that may be cut, or
- (c) control function means (such as, but not limited to, service menus and remote-control functions),

in each case by which the provisions of the Specifications or the Compliance Rules can be defeated.

A.2.3 Robustness Methods

VCPS Recorder/Player Products shall be designed and manufactured such that they resist attempts to discover or reveal Device Keys, other Highly Confidential Information, and/or secret intermediate calculated cryptographic values used in VCPS.

Playback Functions shall not present unprotected compressed Decrypted Audiovisual Data on any user accessible bus in such a manner that permits users to circumvent or defeat the content protection system as specified by the Specifications and Compliance Rules. For these purposes, a "user accessible bus" shall mean a data bus which is designed for end user upgrades or access, such as PCMCIA, device bay, PCI buses or Cardbus, but not memory buses, CPU buses, and similar portions of a device's internal architecture.

Software Playback Functions must make the authentication and decryption functionality tamper resistant using techniques of obfuscation to disguise its Device Keys and other Highly Confidential Information and hamper attempts to discover Highly Confidential Information. Such techniques may include for example, and without limitation: encryption, execution of a portion of the implementation in ring zero or supervisor mode, and/or embodiment in a secure physical implementation.

Software Playback Functions must perform self-checking of the integrity of its component parts and be designed to result in a failure of the implementation to provide the authorized authentication or decryption functions in the event of unauthorized modification. For these purposes, a "modification" includes any change in, or disturbance or invasion of features or characteristics, or interruption of processing, by which compressed Decrypted Audiovisual Data may be exposed to unauthorized copying, usage or distribution. Such techniques may include for example, and without limitation the use of "signed code" or other means of distributing integrity checks throughout the code.

In case the Device Keys of a Software Playback Function have been revoked because of a failure of the tamper resistance of this Software Playback Function, the tamper resistance of a new release of this Software Playback Function shall be adapted such that a repeat of this failure is resisted.

Hardware Playback Functions and Data Drives shall prevent the discovery of the Highly Confidential Information by reasonable means. Such reasonable means may include for example, without limitation, embedding the Highly Confidential Information in memory that is embedded in silicon circuitry, by encrypting the Highly Confidential Information when stored in external memory, by embedding the Highly Confidential Information in firmware which cannot reasonably be read, and/or by using the techniques described above for Software Playback Devices.

A.2.4 Required Level of Robustness

VCPS Recorder/Player Products shall be designed and implemented such that the content protection system, as specified by the Specifications and Compliance Rules, cannot be defeated or circumvented merely by an ordinary user using generally-available tools or equipment. For the purpose of this section, generally-available tools or equipment means tools or equipment that are widely available at a reasonable price, including but not limited to, screwdrivers, jumpers, clips and soldering irons. Generally-available tools or equipment also means specialized electronic tools or software tools that are widely available at a reasonable price, other than devices or technologies that are designed and made available for the specific purpose of bypassing or circumventing the

protection technologies used to meet the requirements set forth in this subpart. Such specialized electronic tools or software tools includes, but is not limited to, EEPROM readers and writers, debuggers or decompilers.

Additionally, VCPS Recorder/Player Products shall be designed and implemented such that the content protection system, as specified by the Specifications and Compliance Rules, can only with difficulty be defeated or circumvented using professional tools or equipment, such as logic analyzers, chip disassembly systems, or in-circuit emulators or any other tools, equipment, methods, or techniques not described in this Section A.2.4 such as would be used primarily by persons of professional skill and training, but not including professional tools or equipment that are made available only on the basis of a non-disclosure agreement or devices or technologies that are designed and made available for the specific purpose of bypassing or circumventing the protection technologies used to meet the requirements set forth in this subpart.

A.2.5 New Circumstances

Although an implementation of a VCPS Recorder/Player Product when designed and shipped may meet the above standards, tools and equipment which were not available may become widely available at reasonable price. This availability may lead to such implementation becoming non-compliant through no act of Implementer.

Therefore, if: (a) one or more tools or equipment become generally available to users at a reasonable price, and (b) if such tools had been so available at the time of design of a particular VCPS Recorder/Player Product, such availability would have caused such products to fail to comply with these robustness requirements, and (c) such availability, based on facts made known to Implementer, is likely to pose a substantial and imminent harm to Co-Implementers or Content Participants, then within eighteen (18) months after learning of a, b, and c, above, Implementer shall cease distribution of such VCPS Recorder/Player Products and shall only distribute VCPS Recorder/Player Products which are compliant with these robustness requirements in view of the then current circumstances.

Exhibit B – VCPS Key Order Form (Informational)

When placing an order, please use the most recent VCPS Key Order Form, as made available to Implementer by Philips.

Name of Implementer: _____

Authorized Employee (acting as contact person regarding this transaction):

E-mail Address: _____

Contact Address: _____

TEL: _____

FAX: _____

Attention of Philips:

Philips Intellectual Property & Standards, Business Support
P.O. Box 220
5600 AE Eindhoven
The Netherlands
Fax. no.: +31 40 27 32113

Keys are distributed by Philips on a CD-R disc (“Distribution Disc”) that contains the Keys.

Price Schedule:

Key Prices	Amount
Price of a Distribution Disc with Hardware Device Keys	€ 0.05 per Hardware Device Key (as defined in Section 3.3.1)
Smartcard	Amount
Smartcard for decrypting Distribution Discs (only for Hardware Implementers and Software Implementer)	€ 650 per smartcard
Administration Fees	Amount
Administration Fee for a pair of Distribution Discs with Software Device Keys and Application Key Blocks	€ 750 per order, with a maximum of 1 pair of distribution disc per order
Administration Fee for a Distribution Disc with DKBs	€ 750 per order, with a maximum of 100 DKBs per order
Administration Fee for a Distribution Disc with Hardware Device Keys	€ 220 per order
Shipping via DHL	order-dependent

Order:

Subject to the terms and conditions of the Video Content Protection System Agreement between Implementer and Philips and this Key Order Form (“KOF”), we hereby order the following Distribution Discs from Philips:

Item	Units	Amount
Distribution Disc with 32,768 Hardware Device Keys	_____ discs	x 32,768 x € 0.05 = €_____
Distribution Disc with 4096 Hardware Device Keys	_____ discs	x 4096 x € 0.05 = €_____
Distribution Disc with 512 Hardware Device Keys	_____ discs	x 512 x € 0.05 = €_____
A Distribution Disc with Software Device Keys and a Distribution Disc with Application Key Blocks (maximum 1 pair of discs)	_____ pair of discs	x € 750.00 = €_____
Distribution Disc with 100 DKBs (maximum 1 disc)	_____ disc	x € 750.00 = €_____
Smartcard (only for Hardware Implementers and Software Implementer)	_____ smartcards	x € 650.00 = €_____
Administration Fee for a Distribution Disc with Hardware Device Keys (only if one or more distribution discs with Hardware Device Keys are ordered)		x € 220.00 = €_____
Shipping option A: with DHL using Implementer's DHL #	<input type="checkbox"/> A	€ 0.00
Shipping option B: on Philips' DHL account (choose option A or B)	<input checked="" type="checkbox"/> B	x € 100.00 = €_____
Value Added Tax. For delivery in the European Union, provide VAT #	for supplies in the EU, outside The Netherlands	€ 0.00
Total amount		€_____

Terms and Conditions of this order:

The capitalized terms used but not herein defined shall have the respective meanings provided in the Video Content Protection System Agreement between Implementer and Philips ("VCPS Agreement").

1. Order and Payment

For Hardware Device Keys, Software Device Keys, Application Key Blocks and/or Disc Key Blocks (collectively hereinafter referred to as "Keys"), Implementer shall (i) send this KOF, signed by a duly authorized employee, by facsimile or courier to the designated Philips address, and (ii)

concurrently pay the amount calculated above in the manner set forth in this KOF. Implementer confirms that this KOF shall be firm order and is not subject to cancellation after payment. In no event shall any payment made in connection with this KOF be refundable.

2. Delivery

Within 21 calendar days from receipt of a KOF together with the corresponding payment, Philips shall send the ordered Keys, stored on Distribution Discs, to an Authorized Employee of Implementer at Authorized Employee's contact address. It is explicitly confirmed that Philips shall only issue the Keys after receipt of a properly completed KOF and receipt of the corresponding payment. In no event shall Philips be liable for damages caused by any delay or failure to deliver such Keys to Implementer where such failure is due to the fact that Philips has not received the order (through this KOF) or the correct payment from Implementer.

The Distribution Discs are delivered under INCO term CIP.

The period of 21-calendar days in this Section 2 shall be increased to a period of 50 calendar days if the number of Keys ordered by Implementer (including any Keys ordered during the 30 days preceding the day of ordering said Keys) exceeds, with a factor 2, the monthly average of the number of Keys ordered by Implementer during the preceding 3-month period.

3. Remedy and Disclaimer

Within 15 calendar days following the receipt of Keys from Philips, Implementer shall conduct acceptance inspection and tests in respect of the Keys received. If (i) the delivery is not in accordance with the order issued by Implementer or (ii) there is a defect in the Distribution Disc delivered by Philips to Implementer, Implementer may, within such 15 day period either (a) reject such Keys, (b) claim for replacement with new Keys, or (c) claim for repair of such Keys delivered by Philips, with proof of order and payment made by such Implementer and by returning such ordered Keys to Philips. Upon such rejection, Philips may decide at its discretion whether such rejected Keys shall be replaced or repaired. Philips EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OTHER THAN AS PROVIDED ABOVE IN THIS ARTICLE IN RESPECT OF THE KEYS OR DISC KEY BLOCKS, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. Force Majeure

Philips shall not be considered in default or be liable for any delay or failure to perform any provisions of this KOF if such delay or failure arises directly or indirectly out of an act of nature, an act of public enemy, freight embargoes, strikes, quarantine restrictions, unusually severe weather conditions, insurrection, riot, earthquakes or any other cause or causes beyond the control of Philips.

5. Taxes

The treatment of all costs, stamp duties, taxes and other similar levies arising from or in connection with the conclusion of this order shall be governed by Article 12 of the Video Content Protection Agreement version 1.3 or later, as published on the Philips website..

6. Payment Method

All fees payable under this KOF shall be remitted to Philips in EURO by wire transfer to the following bank account no.: 58.6029222 of Philips Electronics Nederland BV – IP&S, ABN AMRO, Rotterdam, swiftcode ABNANL2A, IBANcode NL83ABNA0586029222, reference: “KOF dd/mm/yy”. (Where ‘dd/mm/yy’ must be the day/month/year of the Order Date of this Order.)

7. Confidentiality of Keys

Device Keys shall be treated as Highly Confidential Information under the VCPS Agreement.

8 Use of Keys after Termination

Without prejudice to the provisions set forth in the VCPS Agreement,

- (i) Implementer shall, upon termination of the VCPS Agreement, immediately cease use of Keys;
- (ii) Within 30 calendar days after termination or expiration of the VCPS Agreement, Implementer shall destroy all the remaining unused Keys, retaining no copies thereof. Implementer shall provide Philips with a written certification of such destruction signed by a senior officer of Implementer. After termination or expiration of the VCPS Agreement, Implementer shall not attempt to retrieve or access back up information of Keys.

9 Revocation of Software Device Keys

Each distribution disc with Software Device Keys contains a set of 256 Software Device Keys. All 256 Software Device Keys that were distributed together on a single distribution discs will be Revoked simultaneously when the Revocation of one of the Software Device Key from this distribution disc is carried out following the procedure of Article 7.

Software Implementer may use any one of the 256 Software Device Keys from a distribution disc in the implementation of a Software Playback Function. Software Implementer may also use multiple Software Device Keys from a single distribution disc in the implementation of a Software Playback Function.

Agreed and Ordered by:

Signature: _____ Order Date: _____
Name of Authorized Employee: _____

Exhibit C – Key Fee Reporting Form

KEY FEE REPORTING FORM FOR THE VIDEO CONTENT PROTECTION SYSTEM AGREEMENT

concluded with Koninklijke Philips Electronics N.V.

PHILIPS INTERNATIONAL B.V.
Attn. Mr. P. Speijcken
Philips Intellectual Property & Standards
GSA and Licenses Adm. Dept. (GLAD)
P.O. Box 220
5600 AE Eindhoven
The Netherlands

Date: _____

Company name: _____
 Manufacturing site: _____
 City: _____
 Country: _____

This is to provide you with our statement under the Video Content Protection System Agreement for the _____ quarter of the year _____.

Products	Pieces manufactured and sold, transferred or otherwise disposed of	Key Fees	Amount due (in EUR)
VCPS Disc (DVD+R and DVD+R DL)		EUR 0.01	
VCPS Disc (DVD+RW)		EUR 0.01	
Total amount due:			
Less ____ % Withholding Tax:			
Net amount to be remitted:			

NOTE:

The (net) amount due will be paid to Philips within 60 days after the close of each calendar quarter into EUR bankaccount no. 8923019 of Koninklijke Philips Electronics N.V. - Licenses, Citibank N.A., London, swiftcode CITIGB2L, reference: "Key Fees Q... 200...".

Signed for and on behalf of

Name: _____

Title: _____

Exhibit D – Revocation Criteria and Procedure

D.1 Revocation Criteria for Hardware Device Keys

D.1.1 A Hardware Device Key may be revoked when said Hardware Device Key is found in more than one device or product.

D.1.2. A Hardware Device Key may be revoked when said Hardware Device Key, that was issued to Implementer, was lost, stolen, intercepted or otherwise misdirected.

D.1.3. A Hardware Device Key may be revoked when Implementer has made public, sold to a third party, or disclosed said Hardware Device Key in violation of this Agreement.

D.1.4. Without limiting the foregoing, a Hardware Device Key shall not be revoked (a) based on Implementer's general implementation of the Specifications in a VCPS Recorder/Player Product that is not a Compliant VCPS Product, or otherwise based on Implementer's breach of this Agreement (except that if Hardware Implementer has caused any of the circumstances described in D.1.1, D.1.2, or D.1.3, a Hardware Device Key that falls in such circumstances may be Revoked) or (b) to disable products or devices where the general security of VCPS has been compromised (other than as described in D.1.1, D.1.2, or D.1.3) by third parties.

D.2 Revocation Criteria for Software Device Keys

D.2.1 A Software Device Key may be revoked when said Software Device Key is found in one or more software application that is widely used in conjunction with the unauthorized copying and/or distribution of Decrypted Audiovisual Data

D.2.2. A Software Device Key may be revoked when said Software Device Key, that was issued to Software Implementer, was lost, stolen, intercepted or otherwise misdirected.

D.2.3. A Software Device Key may be revoked when Software Implementer has made public, sold to a third party, or disclosed said Software Device Key in violation of this Agreement.

D.2.4. A Software Device Key may be revoked when said Software Device Key, that was issued to Software Implementer, is used in a Hardware Playback Function, Hardware Recording Function, or Data Drive.

D.2.5. Without limiting the foregoing, a Software Device Key shall not be revoked (a) based on Software Implementer's general implementation of the Specifications in a VCPS Recorder/Player Product that is not a Compliant VCPS Product, or otherwise based on Software Implementer's breach of this Agreement (except that if Software Implementer has caused any of the circumstances described in D.2.1, D.2.2, D.2.3 or D.2.4, a Software Device Key that falls in such circumstances may be Revoked) or (b) to disable products or devices where the general security of VCPS has been compromised (other than as described in D.2.1, D.2.2, D.2.3 or D.2.4) by third parties.

D.3 Revocation Procedure

D.3.1 Implementer, any Co-implementer, Content Participant, Philips, and/or HP ("Requesting Party") may request Revocation of one or more Keys that were issued to Implementer ("Affected

Implementer”), and shall present Philips with written documentation of the facts that would warrant Revocation of such Keys. The documentation shall be sufficiently detailed so that Philips, or any other party, can determine solely on the basis of such documentation whether the facts averred on their face satisfy one or more of the Applicable Revocation Criteria.

D.3.2 Philips shall notify Affected Implementer of the request by Requesting Party to revoke one or more of the Keys that were issued to Affected Implementer. Affected Implementer has thirty (30) days from such notice to object to Philips in writing, explaining why the Applicable Revocation Criteria are not satisfied. If Affected Implementer does not respond or does not object, Philips shall take action to revoke the Key.

D.4.3 In the event Affected Implementer has objected within the 30-days timeframe, Affected Implementer, the Requesting Party, and Philips shall promptly meet and confer in good faith to attempt to agree whether the facts presented by Requesting Party warrant Revocation of Keys that were issued to Affected Implementer. If Affected Implementer and the Requesting Party cannot agree, the matter shall be promptly submitted to a neutral arbitrator skilled in law and the applicable technology, following the rules set out in Section D.4 and the general rules for arbitration set out in Exhibit F.

D.4 Rules for Arbitration

D.4.1 Any disagreement between Affected Implementer and Requesting Party, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules including its Supplementary Procedures for online Arbitration (as published by the American Arbitration Association on its website <http://www.adr.org/>), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

D.4.2 The parties to the arbitration shall be the Requesting Party, and the Affected Implementer (collectively, the “Arbitration Parties”). The Requesting Party shall bear the burden of proof in demonstrating, by a preponderance of the evidence, that one or more of the Applicable Revocation Criteria have been satisfied.

D.4.3 The arbitrator(s) is (are) empowered solely to determine whether one or more of the applicable revocation criteria have been satisfied. In the event that the arbitrator(s) determine(s) that the Applicable Revocation Criteria set forth in Exhibit D of this Agreement have been satisfied, Revocation shall be deemed warranted.

D.4.4 The prevailing party in such arbitration shall provide Philips with a copy of the arbitrator(s) decision. If, pursuant to Section D.4.3, Revocation is warranted, Philips shall, after it receives such decision, take action to cause such Revocation.

Exhibit E – Acknowledgement Form for Authorized Employees

I, _____, (select one of the two possibilities)

a full-time regular employee of _____ (“Implementer”), or

a full-time regular employee of _____, an Affiliate of _____ (“Implementer”)

acknowledge that I have been designated by Implementer as an “Authorized Employee” to receive, on behalf of Implementer, access to Highly Confidential Information of Koninklijke Philips Electronics N.V which Implementer and its Affiliates are obliged to maintain strictly confidential under the terms of the Video Content Protection System Agreement between Koninklijke Philips Electronics N.V and Implementer.

I further acknowledge that the Video Content Protection System Agreement requires Implementer and its Affiliates to employ procedures for safeguarding Highly Confidential Information.

Such procedures employed by Implementer and its Affiliates for safeguarding Highly Confidential Information shall be at least as rigorous as Implementer and its Affiliates would employ for its own most highly confidential information. Such procedures shall include, at a minimum:

- (1) Implementer (or its Affiliate, as the case may be) shall maintain on its premises a secure location in which any and all Highly Confidential Information shall be stored;
- (2) any Highly Confidential Information stored in such a location shall be accessible only by Authorized Employees;
- (3) Implementer (or its Affiliate, as the case may be) shall keep a record of access of the Highly Confidential Information by Authorized Employees; and
- (4) as long as Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location.

I further acknowledge that the Video Content Protection System Agreement defines Device Keys as Highly Confidential Information.

I further acknowledge that I have signed a prior written agreement with Implementer (or its Affiliate, as the case may be) pursuant to which I have agreed to maintain the confidentiality of third party confidential information received by Implementer and its Affiliates. I acknowledge that I am bound by such agreement to adhere to procedures established by Implementer (or its Affiliate) to maintain the confidential nature of Confidential Information and Highly Confidential Information during my employment and at least two years after the termination of my employment with Implementer or its Affiliates.

By signing below, I attest that I have read and understood this acknowledgement and accept to be bound by its terms.

Signature: _____

Name: _____

Title: _____

Department: _____

Date: _____

E-mail: _____

Telephone: _____

Address: _____

Copy to: Philips International B.V.
 Philips Intellectual Property & Standards
 Legal Department
 Building WAH-2
 P.O. Box 220
 5600 AE Eindhoven
 The Netherlands

Exhibit F – General Rules for Arbitration

- F.1 The language of the arbitration shall be English.
- F.2 The place of arbitration shall be New York, New York, U.S.A.
- F.3 The dispute shall be submitted to three neutral arbitrators selected from a group of persons with knowledge of, and experience in, the technology, the various industries, and the law.
- F.4 The arbitrators may conduct the arbitration in such manner as they shall deem appropriate, including the imposition of time limits that they 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. The arbitrators shall set a schedule to endeavor to complete the arbitration within 60 days.
- F.5 The arbitrators shall permit and facilitate such limited discovery as they shall determine is reasonably necessary, taking into account the needs of the Arbitrating Parties and the desirability of making discovery as expeditious and cost-effective as possible, recognizing the need to discover relevant information and that only one party may have such information.
- F.6 The Arbitrating Parties and the arbitrators shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to the arbitrators as Confidential Information, and as necessary, the arbitrators may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration. Except as may be required by law, neither an Arbitrating Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.
- F.7 Any decision by the arbitrators shall be final and binding on the Arbitrating Parties and Philips, except that whether the arbitrators exceeded their authority, as specifically described in this Agreement, shall be fully reviewable by a court of competent jurisdiction.
- F.8 The arbitrators may determine how the costs and expenses of the arbitration shall be allocated between the Arbitrating Parties, but they shall not award attorneys' fees, provided that in the event that one of the Arbitrating Parties, in the opinion of the arbitrators, initiated the arbitration procedure frivolously, the arbitrators may decide to award attorneys' fees to the other party.

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