

Serial Number Guide

INTRODUCTION

This Serial Number Guide defines the rules for the proper application of the Serial Number Labels onto products which are licensed using the Philips batch-based patent licensing system, as described in the document "Philips Batch-Based Licensing System Guide".

The terms and conditions under which manufacturers and traders of such products may request and obtain Per-Batch Licenses are described in the relevant registration agreements.

As one of the conditions for obtaining a Per-Batch license, a Registered Manufacturer must apply unique Serial Number Labels on individual Product Cartons or Master Cartons in which the products are packed. This "Serial Number Guide" specifies the rules for procuring and applying Serial Number Labels.

WARNING

This document will mainly be distributed as a .pdf file. This may result in some not readable parts/characters due to unavailable character sets on the viewing platform and/or due to limitations of the printer used. The applied compression may have a noticeable effect on the resolution of the logos and other graphics shown in this Serial Number Guide.

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RULES FOR APPLYING SERIAL NUMBER LABELS

Recordable Disc products (including Rewritable Discs)

For Recordable Discs the Serial Number Labels shall be applied on the Master (Shipping) Cartons.

Each Master Carton shall be correctly labeled with a Serial Number Label. All of the following conditions shall be met:

- (a) the Serial Number Label was obtained from a supplier that has been authorized by Philips (“Authorized Supplier”);
- (b) the Serial Number Label is applied directly on the Master Carton, without an intermediate layer;
- (c) the Serial Number Label cannot be removed from the Master Carton without damaging the Serial Number Label; and
- (d) the Serial Number Label is applied as a seal across the opening of the Master Carton, as illustrated in Figure 1, in a way such that the Serial Number Label must be cut in two pieces when the discs are removed from the Master Carton.

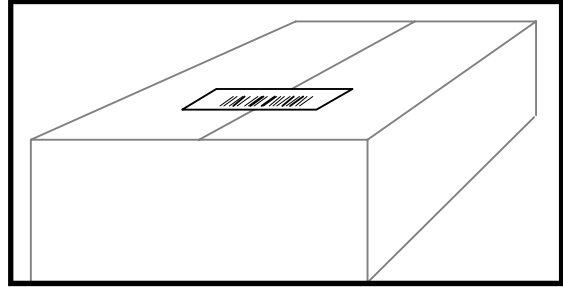


Figure 1: Application of the Serial Number Label on a Master Carton

Player and Recorder products (including PC drives)

For Player and Recorder products the Serial Number Labels shall be applied on each individual Product (Sales) Carton.

Each individual Product Carton shall be correctly labeled with a Serial Number Label. All of the following conditions shall be met:

- (a) the Serial Number Label was obtained from a supplier that has been authorized by Philips (an “Authorized Supplier”);
- (b) the Serial Number Label is applied directly on the outside of the Product Carton, without an intermediate layer;
- (c) the Serial Number is visible on the outside of the Product Carton, as illustrated in Figure 2;
- (d) the Serial Number is not placed on an edge of the Product Carton and should not be damaged when the Product Carton is opened.
- (e) if the product is not shipped in individual Product Cartons the Serial Number Label shall be applied on the product itself.



Figure 2: Application of the Serial Number Label on a Product Carton

Registered Manufacturer may use the serial number, which is shown on the Serial Number Label, as the serial number of the product and may place additional stickers with this serial number on the product and/or the Master Carton. On such additional sticker exclusively black text on a white background may be applied by Registered Manufacturer and such sticker may not look the same like the Serial Number Label sticker.

RULES FOR PROCURING SERIAL NUMBER LABELS

Terms & Conditions for the supply of Serial Number Labels

The terms and conditions to apply between Registered Manufacturer and the Authorized Supplier for the supply of Serial Number Labels shall be substantially similar to the terms and conditions set out in Schedule 1 attached hereto.

Serial Number Labels for Recordable Disc products (including Rewritable Discs) (code OPSEC)

Serial Number Labels for use in the Philips Batch-Based Licensing System for Recordable Disc products can only be obtained from an Authorized Supplier.

The Authorized Supplier is:

Opsec Security Inc.
21132 Old York Road
Parkton, MD 21120-0700
USA
<http://www.opsecsecurity.com/>
Jennifer Gurba at e-mail: jgurba@opsecsecurity.com
phone number: +1 - 410 - 357 - 4491
fax number: +1 - 410 - 357 - 4485



Label details:

Size: 92 mm X 32 mm
Roll direction: Wide Edge leading
Core size: 82 mm

Maximum price charged by Authorized Supplier to Registered Manufacturers:

US\$0.04 per label FOB OpSec Security Inc
Parkton, MD or Lancaster, PA, U.S.A

Serial Number Labels for Player and Recorder products (including PC drives) (code BDPPH)

Serial Number Labels for use in the Philips Batch-Based Licensing System for Player and Recorder products can only be obtained from an Authorized Supplier.

The Authorized Supplier is:

C4 Security Print Systems GmbH
Gutenbergstr. 5
65830 Kriftel
Germany
Orders to: C4 Customer Service
e-mail: volker.boucsein@c4-sps.de
phone number: +49 - 619 - 292 - 12820
fax number: +49 - 619 - 292 - 12814

Label details:

Size: 25 mm X 40 mm
Roll direction: Wide Edge leading
Roll size: 5000 labels (= minimum order size)
Core size: 40 mm; Diameter: 160mm

Maximum price charged by Authorized Supplier to Registered Manufacturers:

EUR 10 per 1000 labels FOB C4 Security Print Systems GmbH
Warehouse in Dietzenbach, Germany



SCHEDULE 1

Terms and Conditions for the Supply of Serial Number Labels

1 Purchase Orders for the Products.

Registered Manufacturer shall order the Serial Number Labels ("Products") from an Authorized Supplier pursuant to written purchase orders specifying the quantities ordered, shipping instructions and place of delivery.

2 Distribution of Products.

For as long as Registered Manufacturer has a binding and valid registration agreement in place with Philips and subject to the full and unconditional compliance by Registered Manufacturer with its obligations under said registration agreement, Authorized Supplier shall fulfill all orders from Registered Manufacturer for Products, making commercially reasonable efforts to ensure that all orders for Products are processed within a 48-hour time period. Authorized Supplier shall only ship to addresses of Registered Manufacturer that have been approved by Philips, and shall only ship those types of Products that have been approved by Philips for Registered Manufacturer. Authorized Supplier shall not be required to fulfill orders from Registered Manufacturer if (a) Registered Manufacturer is in breach of any of its obligations to Authorized Supplier in relation to the supply of Products or (b) if Registered Manufacturer becomes insolvent or seeks protection, voluntarily or involuntarily, under any bankruptcy or insolvency law or analogous governmental rules or procedures or ceases to carry on its business, unless Authorized Supplier receives adequate assurance that it shall receive payment for Products shipped to Registered Manufacturer. Authorized Supplier may notify Philips when declining to fulfill any order from Registered Manufacturer.

3 Shipment, Risk of Loss and Title.

Authorized Supplier shall ship the Products to Registered Manufacturer at Registered Manufacturer's cost. Registered Manufacturer shall assume all risk of loss. Title and right in any Products shall not pass from Authorized Supplier to Registered Manufacturer until the purchase price for such Products has been paid for in full.

4 Price and Payment Terms.

The maximum purchase price for the Products shall be as set forth in the Serial Number Guide, and as modified from time to time by Philips by means of a change in the Serial Number Guide in accordance with the provisions of the registration agreement between Registered Manufacturer and Philips. Full payment of the purchase price plus any and all applicable shipping charges for the Products purchased by Registered Manufacturer hereunder shall be due and payable no later than 30 days from date of invoice or date of shipment for such Products by Authorized Supplier, whichever is earlier. Registered Manufacturer shall be solely responsible for payment of Products ordered. Registered

Manufacturer shall be solely responsible for payment of all import duties or taxes related to shipments of Products to Registered Manufacturer. Upon first notifying Philips, Authorized Supplier reserves the right to deny future shipments to Registered Manufacturer if Registered Manufacturer does not make payment within standard terms or if Registered Manufacturer has reached its credit limit.

5 Inspections, Rejection and Return of Products.

Registered Manufacturer shall inspect all Products shipped by Authorized Supplier within 10 calendar days of receipt. Based upon such inspection, Registered Manufacturer shall have the right to reject Products having defects in materials or workmanship.

In the event of any rejection by Registered Manufacturer of any of the Products, Registered Manufacturer shall notify Authorized Supplier promptly, specifying in reasonable detail the reasons therefore, and a list of serial numbers of the Products rejected. Authorized Supplier shall, within 10 calendar days after receipt of such notice from Registered Manufacturer, provide a written response to Registered Manufacturer concurring with or disputing the rejection or revocation. If Authorized Supplier accepts such rejection, Authorized Supplier shall either reimburse the price paid or supply replacement Products. If Authorized Supplier disputes the rejection, the parties shall attempt to resolve the dispute by senior management discussion before resorting to any of the remedies provided by these Terms and Conditions or by law.

6 Liability.

In no event shall Authorized Supplier be liable to Registered Manufacturer for any damages however arising, including without limitation, damages resulting from business interruption as a result of Authorized Supplier's refusal or failure to supply the Products in accordance with the provisions hereof.