

**LICENSE AGREEMENT FOR BD-PC MANUFACTURER**

This License Agreement for BD-PC Manufacturer is dated [x of x 20xx] (“License Agreement”) and is between [insert company] (“Licensee”) and One-Blue, LLC (“Licensing Company”).

The following terms used in this License Agreement have the meanings set out below:

**Effective Date:** \_\_\_\_\_

**Licensee:** \_\_\_\_\_

**Licensee’s Office Address:**

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**Licensee’s Notice Address and Fax Number:**

Address:
Fax Number:

**Country of Domicile of Licensee:** \_\_\_\_\_

**WHEREAS**, members of the Blu-ray Disc Association, a California non-profit mutual benefit corporation, have developed a new optical disc format, which has been presented under the name Blu-ray Disc (“BD”);

**WHEREAS**, the Licensors are prepared to license their Licensed Patents on the terms set forth in this License Agreement;

**WHEREAS**, each Licensor has granted Licensing Company the right to conclude this License Agreement in accordance with the terms of this License Agreement;

**WHEREAS**, each Licensor has authorized Licensing Company to grant licenses on behalf of such Licensor in accordance with the terms of this License Agreement; and

**WHEREAS**, Licensee acknowledges and understands that each of the Licensors whose Patents are licensed under this License Agreement, also makes their own Patents available through separate licenses and that Licensee is encouraged by Licensing Company to evaluate and determine whether separate licenses or this joint license best meets Licensee’s requirements and needs;

**NOW, THEREFORE**, Licensee and Licensing Company agree as follows:

## **1 DEFINITIONS**

“Affiliate” means, in relation to either party hereto, a legal entity which now, or at any time during the term of this License Agreement, directly or indirectly, controls, is controlled by, or is under common control with that party, but only for as long as such control exists. The term “control” as used in this definition means ownership of more than fifty percent (50%) of the outstanding shares representing the right to vote for directors or other managing officers of such legal entity; or, for a legal entity which does not have outstanding shares, more than fifty percent (50%) of the ownership interest representing the right to appoint directors or other managing officers of such legal entity. The term Affiliate also includes any entity in which a party has, directly or indirectly, a majority of the beneficial ownership of such entity.

“Authorized Manufacturer” means a third party or Licensee Affiliate that is authorized to manufacture Licensed Product on behalf of Licensee Parties. Licensee may designate one or more Authorized Manufacturers under this Agreement by providing written notice to the Licensing Company.

“AVCREC Format” means the specifications identified in sub-sections (s) through (u) of the definition of BD Standard(s) set out below.

“BD-Capable Drive” means a non-virtual, optical disc drive device that is capable of playing back BD Discs or is capable of BD Recording Functions but is not capable of playing back UHD Discs or of UHD Recording Functions, including disc-reading components designed, or intended by its manufacturer, to be used in standalone playback devices or installed into PC disc drives.

“BD-R Format” means the specifications, identified in subsections (k), (l), (o) and (r) of the definition of BD Standard(s) set out below.

“BD-RE Format” means the specifications, identified in subsections (a) through (g), (o) and (r) of the definition of BD Standard(s) set out below.

“BDXL-R Format” means the specifications, identified in subsections (m), (n) and (j) of the definition of BD Standard(s) set out below.

“BDXL-RE Format” means the specifications, identified in subsections (h) through (j) of the definition of BD Standard(s) set out below.

“BD Disc” means a single, dual, triple or quad layer optical read-only disc with a capacity of no more than 34 GBytes per layer, designed and manufactured for recording thereon digital information, and which conforms to the BD Standards.

“BD-PC Software” means any computer program capable of execution by a personal computer's processor to the extent the program is capable of creating, rendering, displaying, playing, modifying or enhancing data in accordance with the BD Software Standards, but not in accordance with the UHD Standards. Provided a computer program meets the requirements of the foregoing sentence, BD-PC Software also includes the computer program to the extent it is capable of creating, rendering, displaying, playing, modifying or enhancing data in accordance with the DVD Software Standards or CD Standards.

“BD Recording Functions” means the ability of a product to read and to record in the BD-RE Format, BD-R Format, BDXL-RE Format, BDXL-R Format, AVCREC Format or any other data format that is specified in the BD Software Standards but not defined in the DVD Software Standards or CD Standards.

“BD Drive Standard(s)” means any one or more of the following BD Standards, which may be modified or updated from time to time by the Blu-ray Disc Association:

- (a) System Description Blu-ray Disc Rewritable Part 1: Basic Format Specifications Version 1.0.
- (b) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 1.0.

- (c) System Description Blu-ray Disc Rewritable Part 1: Basic Format Specifications Version 2.0.
- (d) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 2.0.
- (e) System Description Blu-ray Disc Rewritable Part 1: Basic Format Specifications Version 3.0.
- (f) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 3.0.
- (g) System Description Blu-ray Disc Recordable Part 1: Basic Format Specifications Version 1.0.
- (h) System Description Blu-ray Disc Recordable Part 2: File System Specifications Version 1.0.
- (i) System Description Blu-ray Disc Recordable Part 1: Basic Format Specifications Version 2.0.
- (j) System Description Blu-ray Disc Recordable Part 2: File System Specifications Version 2.0.
- (k) System Description Blu-ray Disc Hybrid Format Version 1.0.
- (l) System Description Blu-ray Disc Read-Only Part 1: Basic Format Specifications Version 1.0.
- (m) System Description Blu-ray Disc Read-Only Part 2: File System Specifications Version 1.0.
- (n) System Description AVCREC Recordable Format Part 2: File System Specifications (UDF®) Version 1.0.
- (o) System Description AVCREC Rewritable Format Part 2: File System Specifications (UDF®) Version 1.0.

For the avoidance of doubt, BD Drive Standard(s) includes references within any one of (a) – (o) above to another BD Drive specification (listed in (a) to (o) above), but excludes any other standard (by way of example, MPEG-2 Video, VC1 or AC-3) that is merely referred to

in one of the above subsections or which is made mandatory by a "Format and Logo License Agreement" issued by the Blu-ray Disc Association.

“BD Software Standard(s)” means any one or more of the following BD Standards, which may be modified or updated from time to time by the Blu-ray Disc Association:

- (a) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 1.0.
- (b) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version 1.0.
- (c) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 2.0.
- (d) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version 2.0.
- (e) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version 3.0.
- (f) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 3.0.
- (g) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version 4.0.
- (h) System Description Blu-ray Disc Recordable Part 2: File System Specifications Version 1.0.
- (i) System Description Blu-ray Disc Recordable Part 2: File System Specifications Version 2.0.
- (j) System Description Blu-ray Disc Read-Only Part 2: File System Specifications Version 1.0.
- (k) System Description Blu-ray Disc Read-Only Part 3: Audio Visual Basic Specifications Version 2.0.
- (l) System Description AVCREC Recordable Format Part 2: File System Specifications (UDF®) Version 1.0.

- (m) System Description AVCREC Rewritable Format Part 2: File System Specifications (UDF®) Version 1.0.
- (n) System Description AVCREC Rewritable Format Part 3: Audio Visual Basic Specifications Version 1.0.

For the avoidance of doubt, BD Software Standard(s) includes references within any one of (a) – (n) above to another BD Software specification (listed in (a) to (n) above), but excludes any other standard (by way of example, MPEG-2 Video, VC1 or AC-3) that is merely referred to in one of the above subsections or which is made mandatory by a "Format and Logo License Agreement" issued by the Blu-ray Disc Association. Notwithstanding the foregoing exclusion, "BD Software Standard(s)" includes:

- (o) System Description Blu-ray Disc Read-Only Format Security Virtual Machine (BD+) (which may be modified or updated from time to time by BD+ Technologies LLC); and
- (p) DVB GEM [ETSI TS 102 819 V1.3.1 (2005-10) ? Digital Video Broadcasting (DVB); Globally Executable MHP version 1.0.2 (GEM 1.0.2; A095; Errata (1) to Globally Executable MHP (TS 102 819 V1.3.1)] as referenced in Blu-ray Disc Read-Only Format, Part 3.

"BD Standard(s)" (also known as Blu-ray Disc Standard(s)) means any one or more of the following standard specifications, which may be modified or updated from time to time by Blu-ray Disc Association:

- (a) System Description Blu-ray Disc Rewritable Part 1: Basic Format Specifications Version.1.0.
- (b) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version.1.0.
- (c) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version.1.0.
- (d) System Description Blu-ray Disc Rewritable Part 1: Basic Format Specifications Version.2.0.
- (e) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version.2.0.

- (f) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version.2.0.
- (g) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version.3.0.
- (h) System Description Blu-ray Disc Rewritable Part 1: Basic Format Specifications Version 3.0.
- (i) System Description Blu-ray Disc Rewritable Part 2: File System Specifications Version 3.0.
- (j) System Description Blu-ray Disc Rewritable Part 3: Audio Visual Basic Specifications Version 4.0.
- (k) System Description Blu-ray Disc Recordable Part 1: Basic Format Specifications Version.1.0.
- (l) System Description Blu-ray Disc Recordable Part 2: File System Specifications Version.1.0.
- (m) System Description Blu-ray Disc Recordable Part 1: Basic Format Specifications Version 2.0.
- (n) System Description Blu-ray Disc Recordable Part 2: File System Specifications Version 2.0.
- (o) System Description Blu-ray Disc Hybrid Format Version 1.0.
- (p) System Description Blu-ray Disc Read-Only Part 1: Basic Format Specifications Version 1.0.
- (q) System Description Blu-ray Disc Read-Only Part 2: File System Specifications Version 1.0.
- (r) System Description Blu-ray Disc Read-Only Part 3: Audio Visual Basic Specifications Version 2.0.
- (s) System Description AVCREC Recordable Format Part 2: File System Specifications (UDF®) Version 1.0.
- (t) System Description AVCREC Rewritable Format Part 2: File System Specifications (UDF®) Version 1.0.

- (u) System Description AVCREC Rewritable Format Part 3: Audio Visual Basic Specifications Version 1.0.

For the avoidance of doubt, “BD Standard(s)” includes references within any one of (a) – (u) above to another BD specification (listed in (a) to (u) above), but excludes any other standard (by way of example, MPEG-2 Video, VC1 or AC-3) that is merely referred to in one of the above subsections or which is made mandatory by a “Format and Logo License Agreement” issued by the Blu-ray Disc Association. Notwithstanding the foregoing exclusion, “BD Standard(s)” includes:

- (v) System Description Blu-ray Disc Read-Only Format Security Virtual Machine (BD+) (which may be modified or updated from time to time by BD+ Technologies LLC); and
- (w) DVB GEM [ETSI TS 102 819 V1.3.1 (2005-10) – Digital Video Broadcasting (DVB); Globally Executable MHP version 1.0.2 (GEM 1.0.2; A095; Errata (1) to Globally Executable MHP (TS 102 819 V1.3.1)] as referenced in Blu-ray Disc Read-Only Format, Part 3.

“CD Standard(s)” means any one or more of the following standard specifications, which may be modified or updated from time to time by Sony Corporation and Koninklijke Philips Electronics N.V.:

- (a) Compact Disc Digital Audio System Description (Red Book).
- (b) CD-DA System description, Subcode Channels R-W.
- (c) CD-DA System description, CD TEXT Mode.
- (d) Compact Disc Read-Only Memory System Description (Yellow Book).
- (e) CD-ROM XA System Description.
- (f) Multisession CD Specification.
- (g) CD EXTRA (Enhanced Music CD) specification (Blue Book).
- (h) Compact Disc Interactive Full Functional Specification (Green Book).
- (i) Video CD Specification (White Book).
- (j) Super Video CD Specifications.
- (k) Recordable Compact Disc Systems (Orange Book), Part II: CD-R Volume 1.



- (l) Recordable Compact Disc Systems (Orange Book), Part II: CD-R Volume 2 Multi Speed.
- (m) Recordable Compact Disc Systems (Orange Book), Part III: CD-RW, Volume 1 (1x, 2x and 4x).
- (n) Recordable Compact Disc Systems (Orange Book), Part III: CD-RW, Volume 2 High Speed.
- (o) Recordable Compact Disc Systems (Orange Book), Part III: CD-RW, Volume 3 Ultra Speed.
- (p) High Capacity Recordable Disc System.

For the avoidance of doubt, CD Standard(s) includes references within any one of (a) – (p) above to another CD specification (listed in (a) to (p) above), but excludes any other standard that is merely referred to in one of subsections of this definition of CD Standard(s).

“Commercially Essential Patent(s)” means any Patent: (a) either (i) owned, at any time on or after the Effective Date, by a Licensor or its Affiliates, or (ii) in respect of which Licensor or its Affiliates have or acquire, at any time on or after the Effective Date, the right to license without payment of compensation to a third party other than its Affiliates, agents or employees, and (b) that contains one or more claims that is/are necessary as a practical matter on the basis that there are no economically viable substitutes to implement the relevant BD Software Standards, the DVD Software Standards, or the CD Standards.

“Country of Domicile of Licensee” has the meaning set forth on the cover page of this License Agreement.

“Downloaded Software” means, with respect to a particular PC that had been shipped by a Licensee Party or an Authorized Manufacturer without Pre-Installed Software, a copy of BD-PC Software that is later downloaded to the PC from a site on the internet operated by or for a Licensee Party or a third party having an arrangement concerning downloaded BD-PC software with a Licensee Party pursuant to which the Licensee Party is responsible for paying royalties to One-Blue for such downloaded BD-PC Software. BD-PC Software downloaded to the PC that is Trial/Disabled Software, which has not been activated or enabled, is not considered Downloaded Software.

“DVD Drive Standard(s)” means any one or more of the following DVD Standards, including any supplements or revisions, which may be modified or updated from time to time by the DVD Format/Logo Licensing Corporation, based in Minato-ku, Tokyo, Japan or by the DVD+RW Alliance:

- (a) DVD Specifications for Read-Only Disc, version 1.0 (parts 1 and 2).

- (b) DVD+RW 4.7 Gbytes Basic Format Specifications, version 1.0.
- (c) DVD+RW 4.7 Gbytes Basic Format Specifications part 1, volume 2 (High Speed), version 1.0.
- (d) DVD+RW 8.5 Gbytes Basic Format Specifications part 2, volume 1 (Dual Layer), version 1.0.
- (e) DVD+R 4.7 Gbytes Basic Format Specifications, version 1.0.
- (f) DVD+R 8.5 Gbytes Basic Format Specifications, part 2 (Dual Layer), version 1.0.
- (g) DVD Specifications for Recordable Disc, version 1.0 (parts 1 and 2).
- (h) DVD Specifications for Recordable Disc, version 2.0 (parts 1 and 2).
- (i) DVD Specifications for Recordable Disc, version 3.0 (parts 1 and 2).
- (j) DVD Specifications for Re-recordable Disc, version 1.0 (parts 1 and 2).
- (k) DVD Specifications for Re-recordable Disc, version 2.0 (parts 1 and 2).
- (l) DVD Specifications for Rewritable Disc,” version 1.0 (parts 1 and 2).
- (m) DVD Specifications for Rewritable Disc, version 2.0 (parts 1 and 2).

For the avoidance of doubt, DVD Standard(s) includes references within any one of (a) – (m) above to another DVD Drive specification (listed in (a) to (m) above), but excludes any other standard that is merely referred to in one of subsections contained in the definition of DVD Drive Standard(s).

“DVD Software Standard(s)” means any one or more of the following DVD Standards, including any supplements or revisions, which may be modified or updated from time to time by the DVD Format/Logo Licensing Corporation, based in Minato-ku, Tokyo, Japan or by the DVD+RW Alliance:

- (a) DVD Specifications for Read-Only Disc, version 1.0 (parts 2).
- (b) DVD Specifications for Read-Only Disc, version 1.0 (part 3).
- (c) DVD+RW Video Format System Description, version 1.0.
- (d) DVD+RW Video Format System Description, version 2.0.

- (e) DVD+RW Video Format System Description, version 3.0.
- (f) DVD+R Video Format System Description, version 1.0.
- (g) DVD Specifications for Read-Only Disc, version 1.0 (part 4).
- (h) DVD Specifications for Recordable Disc, version 1.0 (parts 2).
- (i) DVD Specifications for Recordable Disc, version 2.0 (parts 2).
- (j) DVD Specifications for Recordable Disc, version 3.0 (parts 2).
- (k) DVD Specifications for Re-recordable Disc, version 1.0 (parts 2).
- (l) DVD Specifications for Re-recordable Disc, version 2.0 (parts 2).
- (m) DVD Specifications for Rewritable Disc, version 1.0 (parts 2).
- (n) DVD Specifications for Rewritable Disc, version 2.0 (parts 2).
- (o) DVD Specifications for DVD-RAM/ DVD-RW/ DVD-R for General Discs, version 1.0 (parts 3, 4 and 5).

For the avoidance of doubt, DVD Standard(s) includes references within any one of (a) – (o) above to another DVD Software specification (listed in (a) to (o) above), but excludes any other standard that is merely referred to in one of subsections contained in the definition of DVD Software Standard(s).

“DVD Standard(s)” means any one or more of the following standard specifications, including any supplements or revisions, which may be modified or updated from time to time by the DVD Format/Logo Licensing Corporation, based in Minato-ku, Tokyo, Japan or by the DVD+RW Alliance:

- (a) DVD Specifications for Read-Only Disc, version 1.0 (parts 1 and 2).
- (b) DVD Specifications for Read-Only Disc, version 1.0 (part 3).
- (c) DVD+RW 4.7 Gbytes Basic Format Specifications, version 1.0.
- (d) DVD+RW 4.7 Gbytes Basic Format Specifications part 1, volume 2 (High Speed), version 1.0.
- (e) DVD+RW 8.5 Gbytes Basic Format Specifications part 2, volume 1 (Dual Layer), version 1.0.

- (f) DVD+RW Video Format System Description, version 1.0.
- (g) DVD+RW Video Format System Description, version 2.0.
- (h) DVD+RW Video Format System Description, version 3.0.
- (i) DVD+R 4.7 Gbytes Basic Format Specifications, version 1.0.
- (j) DVD+R 8.5 Gbytes Basic Format Specifications, part 2 (Dual Layer), version 1.0.
- (k) DVD+R Video Format System Description, version 1.0.
- (l) DVD+R Video Format System Description, version 2.0.
- (m) DVD+R Video Format System Description, version 3.0.
- (n) DVD Specifications for Read-Only Disc, version 1.0 (part 4).
- (o) DVD Specifications for Recordable Disc, version 1.0 (parts 1 and 2).
- (p) DVD Specifications for Recordable Disc, version 2.0 (parts 1 and 2).
- (q) DVD Specifications for Recordable Disc, version 3.0 (parts 1 and 2).
- (r) DVD Specifications for Re-recordable Disc, version 1.0 (parts 1 and 2).
- (s) DVD Specifications for Re-recordable Disc, version 2.0 (parts 1 and 2).
- (t) DVD Specifications for Rewritable Disc, version 1.0 (parts 1 and 2).
- (u) DVD Specifications for Rewritable Disc, version 2.0 (parts 1 and 2).
- (v) DVD Specifications for DVD-RAM/ DVD-RW/ DVD-R for General Discs, version 1.0 (parts 3, 4 and 5).

For the avoidance of doubt, DVD Standard(s) includes references within any one of (a) – (v) above to another DVD specification (listed in (a) to (v) above), but excludes any other standard that is merely referred to in one of subsections contained in the definition of DVD Standard(s).

“Effective Date” shall mean the Original Effective Date as set forth on the cover page of this License Agreement, except to extent it is not practicable to give effect as of the Original Effective Date to changed provisions of this License Agreement relative to the Original Agreement. In the latter case, such changed provisions shall be effective as of the date of full execution of this License Agreement.

“Essential Licensor Patent(s)” means a Commercially Essential Patent, a Technically Essential Patent or both, regardless of whether the Patent is listed in the Essential Licensor Patent List.

“Essential Licensor Patent List” means the Essential Licensor Patent(s) listed on the Website. The omission of a particular Patent from the Essential Licensor Patent List is not a representation or warranty that the omitted Patent is not essential.

“Exempt”, in the context of Shipment of a Licensed Product, means that the Licensed Product was Shipped directly between two locations, neither of which is in a country where one or more Licensed Patents covering such Licensed Product subsist.

“Former Essential Patent(s)” has the meaning set forth in Section 3.5.

“Label-Required Product” refers to Licensed Product Shipped by Licensee with a BD-Capable Drive, excluding a PC which is customized for and Shipped to a specific end user, or which is not a Licensed Product when shipped because it has no Pre-Installed Software.

“Licensed Patent(s)” means Essential Licensor Patents. “Licensed Patents” shall further include Former Essential Patents, but solely to the extent the Former Essential Patents are made available pursuant to Section 3.5, and solely to the extent the Licensee did not notify Licensing Company of its wish that the Former Essential Patents not be included in the license as set forth in Section 3.1.

“Licensed Product” means a PC in combination with Pre-Installed Software, provided the Pre-Installed Software (a) is either Non-Trial Software or activated Trial/Disabled Software and (b) Licensee (or the owner(s) of the Pre-Installed Software if not owned by Licensee) restricts end users from using the Pre-Installed Software on any PC other than the PC on which the software was pre-installed. A "Licensed Product" further includes Update/Replacement Software. If the Pre-Installed Software on a single PC includes multiple independent BD-PC Software applications developed by one or more entities, such a combination shall be considered a single "Licensed Product" if the Pre-Installed Software otherwise meets the conditions of this definition; by way of example and not limitation, a single PC Shipped by Licensee with three different pre-installed BD-PC Software applications from three different vendors would be considered a single Licensed Product for the purpose of royalty calculations. Notwithstanding any of the foregoing, a Licensed Product excludes a BD-Capable Drive, a UHD-Capable Drive, and an OS-Only PC. By way of example only and not limitation, Licensed Products do not include, in whole or in part, BD-PC Software that is not Shipped with the PC (unless such software is Downloaded Software or is a replacement copy of Pre-Installed Software as provided above).

“Licensee Affiliate(s)” means one or more of the Affiliates of Licensee listed in Appendix A. If an entity listed in Appendix A ceases to be an Affiliate of Licensee (by way of example, due to a change in control), such entity shall lose its status as a Licensee Affiliate the same moment it ceased

to be an Affiliate of Licensee (regardless of whether the entity continues to be listed in Appendix A).

“Licensee Parties” means Licensee and/or Licensee Affiliates, each a “Licensee Party”.

“Licensor(s)” means each entity listed on the list entitled “Licensors” which can be accessed on the Website and which may be amended from time to time by Licensing Company; provided, however, that “Licensors” for the purposes of this License Agreement shall only include those entities that are listed on the list entitled “Licensors” during the Term.

“Missing Product Label” means a Product Label that is stolen, confiscated, destroyed or lost after Licensing Company has supplied it to Licensee and before (a) it is attached to the retail packaging of a Label-Required Product or (b) before a non-Affiliated third party takes ownership or possession of the Label-Required Product to which the Product Label is attached.

“Non-Trial Software” means BD-PC Software that is not Trial/Disabled Software.

“OS-Only PC” means a PC Shipped with BD-PC Software where (a) the BD-PC Software was provided by a third party as part of the operating system installed on the PC, (b) a substantially identical version of the operating system, without such BD-PC Software, is not readily available from the third party, (c) no other BD-PC Software is Shipped with the PC and (d) the PC is not Shipped with a BD-Capable Drive.

“Patent(s)” means any issued patent(s) in any country, including reexaminations, reissues, continuations, divisionals and continuations-in-part.

“Patent Expert” means a patent expert independent from the parties hereto and from Licensors, which is designated and retained from time to time by Licensing Company to determine whether a Patent is an Essential Licensor Patent or to make other determinations as set forth in this License Agreement.

“PC” means a personal computer device that allows an end user to install and execute available software applications. By way of example and not limitation, a PC may be a personal computer, workstation, server or other computer device, provided that the device is not intended for simultaneous use by two or more people.

“Pre-Installed Software” means, with respect to a particular PC, a copy of BD-PC Software that is Shipped with the PC at the time the PC is Shipped by a Licensee Party or an Authorized Manufacturer, and at the time of such Shipment is (a) stored on a memory (e.g., hard drive) physically internal to the PC, (b) contained in the same packaging for end users that contains the PC (e.g., off-the-shelf retail packaging, or provided in the shipping box used by Licensee to Ship customized PCs to end users) or (c) Shipped directly to the end user by the Licensee or Licensee

Affiliate (regardless of whether it is Shipped in the same packaging as the PC) and the software and the PC are included in the same end user order. Pre-installed Software shall also include Downloaded Software, and Trial/Disabled Software either previously shipped with the PC or downloaded to the PC, which Trial/Disabled Software has been activated by or for a Licensee Party or a software distributor of a Licensee Party. Such inclusions shall be as of the first moment of such downloading of the Downloaded Software or of such activation of the Trial/Disabled Software, whichever comes first.

“Product Label” means the label issued to Licensee by or on behalf of Licensing Company that incorporates the Registration Logo and other information as may be set forth in the Product Label Guide. References herein to "placing" or "attaching" a Product Label on or to a Label-Required Product, and variants thereof, means attaching the Product Label to the packaging for end users that contains the PC (e.g., off-the-shelf retail packaging), and not the PC itself.

“Product Label Guide” means the document entitled “Product Label Guide”, the current form of which is attached hereto as Appendix C, as amended by Licensing Company in accordance with Section 12.

“Quarter” means the calendar quarters ending on March 31st, June 30th, September 30th and December 31st, or other non-overlapping quarterly periods to which One-Blue consents in writing.

“Registration Logo” means the logo identified as such and depicted in the Product Label Guide.

“Royalty Reporting Form” means a statement provided by Licensee to Licensing Company by electronic means pursuant to Section 6.4, or in such other means as may be subsequently communicated by Licensing Company to Licensee.

“Shipment,” “Ship” or variants thereof, in the context of a Licensed Product, means (a) a transfer of title of the product from a Licensee Party or an Authorized Manufacturer, to an entity that is neither a Licensee Party nor an Authorized Manufacturer or (b) a physical transfer of the product from a facility whose access is controlled by a Licensee Party or an Authorized Manufacturer to a facility that is controlled by an entity that is neither the a Licensee Party nor an Authorized Manufacturer. If a product undergoes multiple "Shipments", the time of Shipment shall be deemed to be the first time that such a transfer occurred to a party other than a Licensee Party or an Authorized Manufacturer. If a PC when shipped is not a Licensed Product because it has no Pre-Installed Software, but it later has Pre-Installed Software, including, but not limited to, as a result of activation of Trial/Disabled Software or downloading of Downloaded Software, then Shipment will be deemed to occur at the first moment the PC has Pre-Installed Software.

“Standard Rate” means for Shipments prior to April 1, 2017, US\$1.50 (one US Dollar and fifty US Dollar cents), and for Shipments on and after April 1, 2017, US\$1.20 (one US Dollar and twenty US Dollar cents), which shall apply to a Licensed Product that is not Shipped with a BD-

Capable Drive or a UHD-Capable Drive. If a Licensed Product is Shipped with a BD-Capable Drive or a UHD-Capable Drive, then "Standard Rate" shall mean the following:

for Shipments prior to April 1, 2017:

- (a) US\$1.75 (one US Dollar and seventy-five US Dollar cents) for each Licensed Product Shipped with a BD-Capable Drive or a UHD-Capable Drive that is capable of any BD Recording Functions,
- (b) US\$1.50 (one US Dollar and fifty US Dollar cents) for each Licensed Product Shipped with a BD-Capable Drive that is not capable of performing any BD- Recording Functions but is capable of recording in accordance with the DVD or CD Standard(s), and
- (c) US\$1.25 (one US Dollar and twenty-five US Dollar cents) for each Licensed Product Shipped that does not fall within clause "(a)" or "(b)" above, and

for Shipments on and after April 1, 2017:

- (d) US\$1.40 (one US Dollar and forty US Dollar cents) for each Licensed Product Shipped with a BD-Capable Drive or a UHD-Capable Drive that is capable of any BD Recording Functions,
- (e) US\$1.20 (one US Dollar and twenty US Dollar cents) for each Licensed Product Shipped with a BD-Capable Drive that is not capable of performing any BD- Recording Functions but is capable of recording in accordance with the DVD or CD Standard(s), and
- (f) US\$1.00 (one US Dollar) for each Licensed Product Shipped that does not fall within clause "(d)" or "(e)" above

“System Change” means a revision made in accordance with Section 12.

“Technically Essential Patent(s)” means any Patent (a) either (i) owned, at any time on or after the Effective Date, by a Licensor and its Affiliates, or (ii) in respect of which Licensor and its Affiliates have, or acquire, at any time on or after the Effective Date, the right to license without payment of compensation to a third party other than its Affiliates, agents or employees; and (b) containing one or more claims that is/are necessarily infringed in an implementation of the relevant BD Software Standards, the DVD Software Standards or the CD Standards.

“Term” means the period beginning on the Effective Date and ending when this License Agreement expires or is terminated in accordance with the provisions hereof.

“Trial/Disabled Software” means BD-PC Software that is shipped by a Licensee Party or an Authorized Manufacturer or is later downloaded to the PC directly or indirectly from a site on the



internet operated by or for a Licensee Party or a software distributor of a Licensee Party and, at the time of first shipment or downloading, (a) will automatically disable all BD functionality thirty (30) days or less after the date of first use by an end user or (b) has none of its BD functionality enabled. For the purposes of this License Agreement, Trial/Disabled Software is considered "activated" the moment any of its BD functionality is enabled and such enabled functionality will not be automatically disabled thirty (30) days or less after the date of first use by an end user.

“UHD-Capable Drive” means a non-virtual disc drive product that (a) is capable of playing back UHD Discs, including disc-reading components designed, or intended by its manufacturer, to be used in standalone playback devices or installed into PC disc drives, (b) is specifically designed, and intended by Registered Party, to be incorporated as a drive in, or used as an external drive with, a personal computer device where such device permits the execution of software applications, (c) is not designed, or intended by Registered Party to be used, to provide data to any other device unless the data is first conveyed through a personal computer, and (d) is not capable of performing UHD Decoding Functions.

“UHD Disc” means a dual or triple layer optical read-only disc with a capacity of no more than 34 GBytes per layer, designed and manufactured for recording thereon digital information, and which conforms to the UHD Standards.

“UHD Decoding Functions” means the ability of a product to convert data from a data format that is specified in the UHD Standard but not in the BD Standard, DVD Standard or CD Standard, to a data format that is not specified in the UHD Standard.

“UHD Recording Functions” means the ability of a product to read and to record in any one or more future UHD recordable or rewritable disc format standards developed by the Blu-ray Disc Association.

“UHD Standard(s)” (also known as Ultra HD Blu-ray Disc Standard(s)) means any one or more of the following standard specifications, which may be modified or updated from time to time by the Blu-ray Disc Association:

- (a) System Description Blu-ray Disc Read-Only (Ultra HD Blu-ray) Part 1: Basic Format Specifications Version 2.0.
- (b) System Description Blu-ray Disc Read-Only (Ultra HD Blu-ray) Part 2: File System Specifications Version 3.0.
- (c) System Description Blu-ray Disc Read-Only (Ultra HD Blu-ray) Part 3: Audio Visual Basic Specifications Version 3.0.

For the avoidance of doubt, UHD Standard(s) includes references within any one of (a) – (c) above to another UHD specification (listed in (a) to (c) above), but excludes any other standard (by way of example, MPEG-2 Video, VC1 or AC-3) that is merely referred to in one of the above subsections or which is made mandatory by a "Format and Logo License Agreement" issued by the Blu-ray Disc Association.

“Update/Replacement Software” means a copy of BD Software where (a) such copy is identical to, a perfect subset of, or a correction of a defect in, a copy of Pre-Installed Software, (b) such copy is intended to replace or update Pre-Installed Software, (c) such copy of the BD Software is provided by Licensee on a physical media to the end user of the PC, or transmitted by Licensee over the Internet to the PC, upon which the Pre-Installed Software is installed (hereafter, the "target PC") (c) Licensee uses reasonable efforts to confirm that the target PC contained or still contains the Pre-Installed Software and (d) Licensee (or the owner(s) of such BD Software if not owned by Licensee) restricts an end user from using the Pre-Installed Software on any PC other than the target PC.

“Website” means [www.one-blue.com](http://www.one-blue.com) or any other website designated by Licensing Company from time to time in connection with this License Agreement.

## **2 AFFILIATES AND AUTHORIZED MANUFACTURERS**

- 2.1 Identification of Authorized Manufacturers. Licensee shall identify to Licensing Company the corporate name, principal place of business and registered office of each and every Authorized Manufacturer. Licensee shall further identify to Licensing Company, via the Website, any third party or Licensee Affiliate that ceases to be an Authorized Manufacturer. Such information shall be provided via the Website in the manner prescribed by Licensing Company.
- 2.2 Licensee Affiliates' Rights and Obligations. Licensee shall ensure that Licensee Affiliates and Authorized Manufacturers satisfy all obligations and other requirements imposed on Licensee Affiliates and Authorized Manufacturers.
- 2.3 Authority. Licensee warrants that it has either (a) all necessary right and authority to bind Affiliates to the obligations imposed on Affiliates in this License Agreement or (b) provided Licensing Company with a written undertaking from each Affiliate towards Licensing Company in which such Affiliate states that it understands and agrees to comply with the obligations of this License Agreement, including the joint liability for breach set forth in Section 2.4 and, with respect to Affiliates, grant-back obligations set forth in Section 9.

2.4 Licensee Responsible for Affiliates' and Authorized Manufacturers' Acts. On behalf of itself and its Affiliates, Licensee agrees that if any actions or omissions by its Affiliate breach this License Agreement, then Licensee and its Licensee Affiliate shall be jointly and severally liable for such breach. Moreover, and solely to the extent the relevant Authorized Manufacturer is providing products or services to or on behalf of (including but not limited to at the request of) Licensee or a Licensee Affiliate, Licensee shall be jointly and severally liable for any action or omission by an Authorized Manufacturer that breach this License Agreement or infringe a Licensed Patent or Licensing Company's rights in the Registration Logo.

### 3 GRANT OF RIGHTS

3.1 License Grant. Subject to Licensee Parties' full and unconditional compliance with its obligations under this License Agreement, Licensing Company hereby grants to Licensee Parties during the term of this License Agreement a non-exclusive, non-transferable license, under the Licensed Patents, without the right to grant sublicenses, to make, have made by Authorized Manufacturers, use, sell, offer for sale, import, export and Ship Licensed Products. The license conferred pursuant to this Section 3.1 applies only to the extent the structure, features and functions of a Licensed Product are used to practice those BD Software Standards, DVD Software Standards, CD Standards applicable to that Licensed Product, and said license does not extend to any structure, features of functions of a Licensed Product not used to practice the BD Software Standards, DVD Software Standards or CD Standards.

3.2 Limitation of License. No licenses are granted under this License Agreement for:

- (a) the benefit of any entity other than the Licensee Parties;
- (b) any product other than the Licensed Products;
- (c) any intellectual property right other than rights in the Licensed Patents and the Registration Logo;
- (d) any Label-Required Product, on which, at the time of the relevant transfer, sale, offer for sale, importation, use or other disposal, the Product Label was not applied in accordance with the Product Label Guide;
- (e) a disc drive or a disc-reading hardware component for retrieving or recording BD-compliant data;
- (f) Trial/Disabled Software;

- (g) programs executed by end-user standalone devices dedicated to the playback of BD, DVD and CD discs;
- (h) an OS-Only PC;
- (i) Shipment of master copies of any BD-PC Software; or
- (j) the transmission, use or reception of BD Standard compliant content over a network.

3.3 No Drive License. Licensee acknowledges on behalf of itself and its Affiliates that: (a) any BD-Capable Drive that is Shipped by or for Licensee Parties, regardless of whether the BD-Capable Drive is installed in a PC or Shipped separately from a PC, requires a separate license if the BD-Capable Drive is covered by an Essential Patent licensed hereunder, (b) Licensing Company offers a separate license for certain BD-Capable Drives, (c) Licensee Parties' or Authorized Manufacturers' purchase of BD-Capable Drives licensed by Licensing Company does not relieve Licensee of the obligation to pay a royalty for the products licensed under this Agreement or otherwise satisfy its obligations hereunder, regardless of whether the Licensing Company received a royalty for the BD-Capable Drives purchased by Licensee Parties or Authorized Manufacturers, and (d) the Standard Rates set forth herein are not intended to cover the additional royalties owed for the combination of a PC with a BD-Capable Drive.

3.4 Have Made Right. The rights granted to Licensee Parties pursuant to Section 3.1 include the right for Licensee Parties to have Licensed Products manufactured by an Authorized Manufacturer solely for the account of Licensee Parties and the subsequent sale by Licensee Parties. Such right to have Licensed Product manufactured by an Authorized Manufacturer shall terminate in the event that such Authorized Manufacturer engages in any action in connection with the Licensed Product that would breach this License Agreement if performed by Licensee Parties and the breach is not cured by the Authorized Manufacturer or Licensee Parties within a forty-five (45) day period of Licensee being notified of the breach. Licensee Parties shall not exercise this "have made" right in a manner such that it is a sham for the purpose of effectively sublicensing the Licensed Product to third parties. Except as provided by this paragraph, Licensee Parties are not permitted to authorize third parties to make Licensed Product.

3.5 Essential Patents that Cease to be Essential Patents. In the event that Licensing Company becomes aware that a Patent that was originally listed on the Essential Licensor Patent List was determined by a Patent Expert or a court of competent jurisdiction as no longer qualifying as an Essential Licensor Patent ("Former Essential Patent(s)"), then Licensing Company shall modify the Essential Licensor Patent List accordingly. Upon Licensing Company modifying the Essential Licensor Patent List after such a determination, and











2010. Such discount shall not apply to any Licensed Products that were Shipped by or for a Licensee Affiliate before the Licensee Affiliate was an Affiliate of Licensee.

- (b) Release. Upon full payment of the amounts and reports required for Previously-Shipped Products, Licensing Company, on behalf of itself and the Licensors, its and their successors and assigns, hereby releases, to the extent of its right to do so, Licensee Parties, their respective successors and assigns, as well as any end-users, distributors, dealers, suppliers, vendors and customers, under any patent infringement arising prior to the Effective Date of this Agreement for which the rights and licenses expressly granted under this Agreement to Licensee Parties would be a complete defense had this Agreement been in effect at the time such patent infringement arose and as if the Previously-Shipped Product was manufactured and Shipped in compliance with the remaining provisions of this License Agreement (by way of example only and not limitation, as if the Previously-Shipped Product was Shipped with Product Labels). For greater certainty, the release in this Section 6.3(b) does not operate with respect to acquisitions of any sort by Licensee Parties during the Term.
- (c) Reporting.
- (1) Estimated Past Use Report. As a condition precedent to the entry into force of this License Agreement, Licensee shall submit to Licensing Company an Estimated Past Use Report that includes the same information for all Previously-Shipped Products as is required for Licensed Products under Section 6.4 (Payment Schedule and Royalty Reporting), provided however, that the country-specific information required by Section 6.4(a), subdivisions (i) through (v), may be omitted.
- (2) Official Past Use Report. Within sixty (60) days after the Effective Date, Licensee shall submit to Licensing Company an Official Past Use Report that includes all the same information for all Previously-Shipped Products as is required for Licensed Products under Section 6.4 (Payment Schedule and Royalty Reporting); provided, however, that Licensee may use commercially reasonable efforts to estimate such information if Licensee cannot reasonably obtain more reliable information. Licensee shall also provide an explanation of any material differences between the Official Past Use Report and the Estimated Past Use Report.
- (3) No Waiver. Notwithstanding that Licensing Company may execute the License Agreement with knowledge of the Estimated Past Use Report and/or may invoice Licensee based on the Official Past Use Report, it shall not be considered that Licensing Company has accepted the Estimated Past Use Report and/or the Official Past Use Report, or waived any of its rights with respect to past use, including but not

limited to the right to request an audit statement pursuant to Section 6.6 and the right to audit the books and records of Licensee set forth in Section 7.1(b).

6.4 Payment Schedule and Royalty Reporting. Within forty-five (45) days after the end of each Quarter during the term of this License Agreement, Licensee shall submit to Licensing Company (even in the event that no Shipments of Licensed Product have been made) a Royalty Reporting Form signed by a duly authorized officer on behalf of Licensee, setting forth with respect to the preceding Quarterly period:

- (a) the total quantities of Licensed Products Shipped by and for Licensee Parties, specified per the functionality of the BD-Capable Drive (if any) sufficient to determine the specific Standard Rate that is applicable to the Licensed Product, and further specified by:
  - (i) in the case of a Shipments due to a physical transfer, the country in which the Shipments originated;
  - (ii) in the case of a Shipment due to a physical transfer, the country of destination of the Shipment;
  - (iii) to the extent known to Licensee and the applicable Licensee Affiliate, the country in which the Licensed Products will ultimately be sold to end-users or, in the case of a Shipment due to an activation of Trial/Disabled Software, the country in which the Licensed Products were ultimately sold to end-users;
  - (iv) in the case of a Shipment due to a transfer of title (without physical transfer), the country of the location of the Licensed Products at the time of Shipment; and
  - (v) in the case of a Shipment due to an activation or enabling of Trial/Disabled Software or downloading of Downloaded Software, to the extent known to Licensee, the country in which the Trial/Disabled Software or Downloaded Software was developed.
- (b) a computation of the royalties due under this License Agreement prior to the royalty offsetting of Section 6.2.

6.5 Invoicing and Payment Due Date. Within thirty (30) days after the receipt of the Royalty Reporting Form, Licensing Company shall invoice Licensee for royalties that have accrued in the previous calendar Quarter or earlier (except in the case of Previously-Shipped Products, Licensing Company shall send an invoice to the Licensee for the royalties that have accrued for such products within thirty (30) days after receipt of the Official Past Use

Report referenced in Section 6.3(c)(2)). Except as otherwise provided in this License Agreement, Licensee shall pay to Licensing Company the sum stated to be due in each such invoice no later than forty-five (45) days from the date of such invoice.

Notwithstanding anything to the contrary, during the twelve-month period after July 1, 2011, the following exceptions with respect to invoicing shall apply, provided that Licensee directs Licensing Company to adjust its royalties payable pursuant to Section 6.2:

- (i) *Past Use Royalties.* Licensing Company shall invoice Licensee within thirty (30) days after January 1, 2012 for any report delivered to Licensing Company before January 1, 2012 pursuant to Section 6.3 (Past Use) based on the patents listed on the Commercially Essential Patent List and Technically Essential Patent List by Licensing Company on its website as of January 1, 2012;
- (ii) *Standard Rate.* Licensing Company shall invoice Licensee within thirty (30) days after December 31, 2011 for royalties that have accrued up to December 31, 2011 pursuant to Section 6.1 (Standard Rate) based on the patents listed on the Commercially Essential Patent List and Technically Essential Patent List by Licensing Company on its website as of January 1, 2012; and
- (iii) *One-time Adjustment.* Licensing Company shall conduct a one-time adjustment of all royalties invoiced prior to July 1, 2012 based on the patents listed on the Commercially Essential Patent List and Technically Essential Patent List by Licensing Company on its website as of July 1, 2012.

6.6 Audit Statement to Confirm Official Past Use Report If Licensing Company reasonably suspects that Licensee has submitted an inaccurate Official Past Use Report of Previously-Shipped Products pursuant to Section 6.3(c)(2), Licensing Company may request Licensee to submit to Licensing Company, within sixty (60) days after the notice by Licensing Company informing Licensee of the reasonable suspicion, an audit statement prepared by its external independent auditors confirming that the Official Past Use Report of Previously-Shipped Products provided by Licensee to Licensing Company under Section 6.3(c)(2), is true, accurate and complete in all material respects. The auditor and audit statement must meet the requirements set out in Appendix E (Audit Guide). Licensing Company shall reimburse Licensee for the cost of such audit, to the extent the cost is customary and reasonable, if Licensee's external independent auditor certifies that the total discrepancy or error by way of underreporting of quantities is less than five percent (5%) of the quantities set forth in the Official Past Use Report of Previously-Shipped Products.

- 6.7 Payments in U.S. Dollars. All payments to be made by Licensee to Licensing Company under this License Agreement shall be made in US Dollars.
- 6.8 Wire Information for Payments. All payments to be made by Licensee to Licensing Company under this License Agreement shall be made without any deduction whatsoever (except for the tax deduction specified in Section 6.8), whether for bank transmission charges or otherwise, by wire transfer to:

Bank account no.: 936717636

Name: One-Blue, LLC Royalties

Bank: JP Morgan Chase  
270 Park Avenue  
New York, NY 10017

Swiftcode: CHASUS33 (International Customers Only)

ABA Number: 021000021

or such other bank account as Licensing Company may designate in writing from time to time.

- 6.9 Stamp Duties, Taxes and Other Levies. All stamp duties, taxes (including but not limited to business taxes, values added taxes, income taxes) and other similar levies arising from or in connection with this License Agreement shall be borne by Licensee. If the government of any country imposes any income taxes to be withheld from payments made by Licensee under this License Agreement, and requires Licensee to withhold such tax from such payments, Licensee may deduct such tax from such payments. In such event, Licensee shall promptly provide Licensing Company with all tax receipts issued by the relevant tax authorities that Licensing Company may require to enable Licensing Company to document, if necessary, its compliance with tax obligations in any country. If such tax receipts are not provided promptly, Licensing Company reserves the right to treat the un-documented deductions as unpaid royalties due which will become subject to the provisions of this License Agreement. Licensee shall inform Licensing Company if the withholding tax rates on an invoice issued by Licensing Company are incorrect. Licensee shall inform Licensing Company of such error prior to paying the subject invoice.
- 6.10 Activated Trial/Disabled Software. For the purposes of this Section 6, Trial/Disabled Software will be considered Licensed Product that is "Shipped" at the moment, whichever is earlier, that (a) such trial Software is first activated or (b) such disabled Software is enabled more than 30 days after the date of first use by an end user. For the purpose of determining

the Standard Royalty, the Licensed Product will be considered Shipped with the BD-Capable Drive(s) that is being used with the PC at the time of activation; if the presence or capability of a BD-Capable Drive cannot be reasonably determined at the time of activation, Licensed Product will be considered Shipped without a BD-Capable Drive. However, no royalty or Royalty Reporting Form shall be due under this License Agreement with respect to activated Trial/Disabled Software if a third party has reported and paid a royalty to Licensing Company for such software (or a third party has entered into an agreement with Licensing Company obligating the third party to pay a royalty to Licensing Company upon activation) pursuant to and in compliance with a separate agreement with Licensing Company (by way of example and not limitation, a third-party software vendor maker timely paid Licensing Company a royalty after the activation pursuant to a separate agreement).

- 6.11 Updates/Replacements. No royalty shall be due under this License Agreement for an Update/Replacement Software if (a) the Update/Replacement Software is intended to replace some or all of the functionality of the previously-shipped Licensed Product and neither Licensee nor Licensee Affiliate receive any additional consideration from any entity (by way of example and not limitation, the end user or a third-party PC manufacturer) for the update or replacement or (b) the Update/Replacement Software does not contain any functionality described in the BD Software Standards, DVD Software Standards or CD Standards.
- 6.12 Returns. Upon return of Licensed Products, Licensee may credit the royalties paid against the current royalty report or apply such credit against future royalties due. For greater certainty, such returns shall be subject to audit pursuant to Section 7. Once a Licensed Product is returned it is no longer licensed and is no longer considered a Licensed Product. In the event that the Licensed Product for which a credit has been taken is subsequently resold, a new royalty will be due for such remanufactured or resold product.
- 6.13 Interest Due for Late Payments. Any payment that becomes due under this License Agreement and that is not made in full when due, accrues interest at the rate of one percent (1%) per month (or part thereof) or at the maximum rate permitted by law, whichever is lower.

## **7 RIGHT TO AUDIT**

- 7.1 Permission for Certified Public Auditor to Audit. In order to verify:
- (a) the completeness and accuracy of the Quarterly Royalty Reporting Forms as submitted by Licensee to Licensing Company;

- (b) the completeness and accuracy of the number of Licensed Products on which royalties are or have been payable by Licensee; and
- (c) Licensee Parties' compliance with other provisions of this License Agreement (provided, however, that Licensing Company has a good faith belief that a Licensee Party is in breach of such other provisions),

Licensee shall permit an independent certified public auditor selected by Licensing Company ("Certified Auditor") to inspect all books and records of Licensee Parties in accordance with this Section 7 upon notice from Licensing Company requiring such inspection. Such audit shall be performed under confidentiality obligations materially similar to those contained in this Agreement. The Certified Auditor shall be (i) a certified public auditor, chartered accountant or registered accountant (as these terms are generally known in the United States, the United Kingdom and The Netherlands respectively) or holding an equivalent professional qualification in the country in which the auditor practices, (ii) a member of a well-respected firm, preferably one of KPMG, PricewaterhouseCoopers, Deloitte Touche Tohmatsu and Ernst & Young (or any of their successors), or (iii) a member of the American Institute of Certified Public Accountants (AICPA), the Institute of Chartered Accountants in England & Wales (ICAEW), or Koninklijk Nederlands Instituut van Register accountants (NIVRA) (whichever of these associations governs accounting in the country in which the auditor practices), or a member of a professional body of similar standing where this is not practicable.

7.2 Requirements In the Event and In Preparation for Audits. Licensee Parties shall maintain complete and accurate books and records relating to Licensee's obligations under this License Agreement and shall keep such books and records available for inspection by a Certified Auditor for a period of three (3) years following each Shipment to which the books or records relate. Licensee shall ensure that a full copy of such books and records remains available for inspection by the Certified Auditor at all times during normal business hours. Any inspection under this Section 7 shall be initiated by Licensing Company no more than once per calendar year and shall be conducted by the Certified Auditor. Licensing Company shall give Licensee notice of such inspection at least seven (7) business days prior to the inspection. Licensee shall promptly and fully co-operate and provide access to its books and records and provide all assistance that Certified Auditor may reasonably require in connection with such inspection. Licensee shall allow the Certified Auditors (if such Certified Auditor determines it to be reasonably necessary) to make copies of all documents, and to take such copies from Licensee Parties' premises (or any other premises at which the documents are held by Licensee) to enable the Certified Auditor to prepare and support its audit report. The Certified Auditor shall not provide Licensing Company with any information obtained from Licensee Parties in connection with such audit unless the

Licensee Party was obligated to provide such information to Licensing Company pursuant to this License Agreement (excluding this Section 7) or the provision of such information to Licensing Company is reasonably necessary in order for the Certified Auditor to inform Licensing Company of an actual or potential breach.

- 7.3 Costs of Audit. The inspection referred to in this Section 7 shall be conducted at Licensing Company's own expense, except that such expense shall be borne by Licensee where the inspection reveals that:
- (a) a Licensee Party has failed to comply with its obligations under Section 7.2; or
  - (b) the Certified Auditor certifies that there is a discrepancy or error by way of underpayment of five percent (5%) of the monies actually due during the period under inspection.
- 7.4 Effect of Underpayment. If the inspection determines that an underpayment of the monies actually due occurred during the period under inspection, Licensee shall pay the amount of the underpayment plus interest calculated in accordance with the provisions of Section 6.12.
- 7.5 Payment of Audit Does Not Prejudice Other Rights. Payment of the cost of inspection and of additional royalties pursuant to this Section 7 shall be without prejudice to any other claim or remedy that Licensing Company may have under this License Agreement, including, without limitation, Licensing Company's right to terminate this License Agreement, or under any applicable law.

## **8 MISSING PRODUCT LABELS**

- 8.1 Obligation to Report Missing Product Labels. Licensee shall report Missing Product Labels to Licensing Company within seven (7) days of becoming aware of the Missing Product Labels. The report shall be accurate and include sufficient details for Licensing Company to understand the relevant dates, circumstances and quantities associated with the theft, confiscation, destruction or loss to the extent Licensee knows such details or can determine such details using commercially reasonable efforts. Failure to make such a report shall be deemed a breach. Licensee shall provide all available information concerning such Missing Product Labels and fully cooperate with Licensing Company in any subsequent investigations or actions in respect of any Missing Product Labels.

## **9 RAND GRANT-BACK**

- 9.1 Obligation to Grant-Back Under RAND Terms. Licensee and its Affiliates shall not unreasonably refuse to grant to qualified entities (defined below), for products that are configured in compliance with the BD Software Standards (“BD Products”), non-exclusive, non-transferable rights (by way of license or otherwise), on fair, reasonable, non-discriminatory conditions, to manufacture, transfer, sell, import or otherwise dispose of BD Products under any and all Grant-Back Essential Patents. “Grant-Back Essential Patents” means present and future Patents that contain one or more claims which are (or which were, if Former Essential Patents) necessarily infringed, or necessary as a practical matter on the basis that there are no economically viable substitutes, to implement the BD Software Standards, the DVD Software Standards or the CD Standards, for which Licensee or its Affiliates have during the Term, or may acquire during the Term, the right to grant licenses. For the purposes of this Section 9.1 only, each Licensor’s per-Patent share of the royalties paid per Licensed Product in accordance with this License Agreement shall be deemed to be a fair, reasonable and non-discriminatory royalty rate for the grant (by way of license or otherwise) by Licensee and its Affiliates under its Grant-Back Essential Patents. For the purposes of this paragraph, “qualified entities” means (a) third parties and their respective Affiliates that have entered or will enter into a registration or license agreement with Licensing Company under one or more of the Licensed Patents (by way of example, a “License Agreement for BD-PC Manufacturer”) and (b) Licensors. Notwithstanding any provision of this paragraph to the contrary, Licensee (or its Affiliates) shall not be required to grant a third party a license under a Grant-Back Essential Patent if such a license would require Licensee (or its Affiliates) to pay compensation to a third party other than the Affiliates, agents or employees of Licensee (or its Affiliates).
- 9.2 Consideration for RAND Grant-Back. The undertaking given by Licensee and its Affiliates in Section 9.1 is given in consideration of the benefits set forth in this License Agreement, including the benefit of substantively equivalent undertakings given by other entities under a “License Agreement for BD-PC Manufacturer” or under other registration or license agreements with Licensing Company under one or more of the Licensed Patents that include undertakings substantively equivalent to the undertaking in Section 9.1, and without prejudice to the provisions of Section 15 (Term and Termination) of this License Agreement.
- 9.3 Term of the Grant-Back License. Any license made available under Section 9.1 shall be available for a period ending on the expiry date of the last subsisting Grant-Back Essential Patent. For the avoidance of doubt, where a Patent for which a license has been granted pursuant to Section 9.1 has expired, it shall be removed from such license, which shall continue to run only in relation to still subsisting Patent(s).
- 9.4 Transfer of Grant-Back Essential Patents. If Licensee (or its Affiliates) assigns, exclusively licenses, sells or transfers a Grant-Back Essential Patent to another entity, Licensee (or such



Affiliates) shall, in the instrument giving effect to such assignment, exclusive license, sale or transfer, include provisions which ensure that the assignee, exclusive licensee, purchaser or transferee of such Grant-Back Essential Patents is bound by equivalent obligations with respect to such Grant-Back Essential Patents as is Licensee (or such Affiliates) pursuant to this Section 9. Licensee acknowledges that the obligation to license Grant-Back Essential Patents on fair, reasonable, non-discriminatory conditions in accordance with Section 9.1 runs with such Patents and thus binds any subsequent owners of such Patents.

- 9.5 Grant-Back and Affiliates. If an entity that was an Affiliate of a Licensee becomes no longer Affiliated with the Licensee, the entity's obligations under Section 9 shall continue with respect to any Patent that the entity had or acquired between the Effective Date and the moment the entity became no longer Affiliated with the Licensee.

## **10 NO WARRANTY, INDEMNITY**

- 10.1 No Representation or Warranty as to Standards. Licensing Company makes no representation or warranty as to the completeness or accuracy of the BD Standards, DVD Standards or CD Standards, nor as to the ability of Licensee to achieve interoperability of Licensed Product through the use of such information.
- 10.2 Indemnification as to Licensed Products and Registration Logo. Licensee acknowledges for itself and its Affiliates, and agrees that third parties may own intellectual property rights relating to Licensed Product and the Registration Logo. Licensing Company makes no representation or warranty that the manufacture, importation, use, offering for sale, sale or other disposal of Licensed Product or use of the Registration Logo does not infringe or will not infringe any intellectual property right of any third party. Licensee shall indemnify and hold harmless Licensing Company from and against any and all third party claims made in connection with Licensed Product (excluding claims made in connection with the Registration Logo, provided that such claims do not arise subsequent to Licensee's non-compliance with Licensing Company's instructions pursuant to Section 4.7 of this License Agreement) manufactured, acquired, used, sold, offered for sale or otherwise disposed of by Licensee.
- 10.3 Waiver. Licensee, on behalf of itself and its Affiliates, hereby waives all rights and hereby forever releases from liability, or in respect of matters that cannot be released from liability, shall indemnify and hold harmless, Licensing Company and Licensors from and against any and all liabilities as may arise in relation to:

- (a) claims made by Licensee Parties, or customers of Licensee Parties, relating to Licensed Products being delayed or detained at customs, seized or destroyed; or
  - (b) any interruption or deficiency in the supply of Product Labels where Licensee had not taken reasonable care to order such Product Labels in a timely manner, did not keep Product Labels in stock in sufficient quantities to be able to cope with disruptions in the supply, or was not in full compliance with its obligations under its agreement with the supplier concerning the supply of Product Labels.
- 10.4 Limitation of Liability. In no event shall Licensing Company be liable to Licensee Parties under any cause of action (other than intentional breach or liabilities arising under Section 7.3) arising under or related to this License Agreement for any amount greater than US\$20,000 (twenty thousand US Dollars).
- 10.5 Notwithstanding anything to the contrary in this License Agreement, Licensing Company makes no representation or warranty about the validity or enforceability of any of the Licensed Patents and specifically excludes and disclaims any liability for any damages that Licensee may suffer under any cause of action due to the invalidity or unenforceability of any of the Licensed Patents.
- 10.6 Representations and Warranties. Licensing Company and Licensee each represent and warrant that: (a) it is a duly organized and validly existing legal entity; (b) it has all requisite power and authority to execute this License Agreement and to perform its obligations hereunder; (c) this License Agreement has been duly executed by an officer or representative of such party authorized to act on its behalf; and (d) its obligations under this License Agreement do not conflict with its bylaws, certificate of incorporation or equivalent charter documents.
- 10.7 No Special Damages. TO THE GREATEST EXTENT PERMITTED BY LAW, LICENSING COMPANY SHALL NOT BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS OR BUSINESS INTERRUPTION, RELATING TO THE LICENSED PRODUCTS OR ARISING OUT OF THIS LICENSE AGREEMENT, EVEN IF LICENSING COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCLUDING THE EXPRESS WARRANTIES SET FORTH HEREIN, LICENSING COMPANY MAKES NO EXPRESS OR IMPLIED WARRANTIES.

## 11 CONFIDENTIALITY

11.1 Licensing Company shall, during the term of this License Agreement and for a period of five (5) years thereafter, not disclose to any third party or use any confidential information obtained in connection with this License Agreement for any purpose other than:

- (a) if required by any judicial or governmental request, requirement or order, or by operation of law, provided, however, that Licensing Company shall provide Licensee with notice of such request, requirement or order and, if available, assist Licensee (at Licensee's expense) with obtaining a protective order against such disclosure;
- (b) to disclose the information under an obligation of confidence to an auditor for any purpose contemplated by this License Agreement;
- (c) to disclose the information under an obligation of confidence to a subcontractor of the Licensing Company; or
- (d) to enforce Licensing Company's rights under this License Agreement in the event of a breach by Licensee. The disclosure of confidential information pursuant to this subsection "(d)" may include disclosure under an obligation of confidence to Licensors in order for Licensing Company to: (i) inform Licensors of a Licensee Party's breach of this License Agreement or Licensing Company's plan to terminate this License Agreement due to such a breach; or (ii) seek Licensors' approval to enforce this License Agreement using legal or governmental institution(s). Notwithstanding the foregoing, in no event shall Licensing Company disclose Licensee Parties' competitively sensitive information to Licensors.

11.2 Circumstances When Not Obligated to Keep Information Confidential. The obligations of Licensing Company in Section 11.1 shall not apply to the extent that the Licensing Company can prove, by written evidence, that such information:

- (a) has, after the date of this License Agreement, been published or otherwise generally made available to the public, except in consequence of a willful or negligent act or omission by Licensing Company in breach of its confidentiality obligations under this Section 11;
- (b) has been made available to Licensing Company by a third party who is entitled to divulge such information and who is not under any obligation of confidentiality in respect of such information to Licensee or which has been disclosed under an express statement from Licensee or a Licensee Affiliate that it is not confidential;
- (c) has been independently developed by Licensing Company other than in the course of the exercise of Licensing Company's rights under this License Agreement or the implementation of this License Agreement; or

- (d) is information already known to Licensing Company before its receipt from the disclosing party and such information was not protected by confidentiality protections.

11.3 This License Agreement Is Not Confidential. For the avoidance of doubt, the contents of this License Agreement are not subject to any confidentiality obligation.

## 12 SYSTEM CHANGES

12.1 Licensing Company May Make Changes to Licensing System. Licensee acknowledges for itself and its Affiliates, and agrees that the integrity of Licensing Company's licensing system is important to the equitable treatment of manufacturers of Licensed Product and to open and fair competition in the market for Licensed Product and the market for licensing intellectual property rights relevant to Licensed Product. Accordingly, Licensee acknowledges for itself and its Affiliates, and agrees that Licensing Company may, in its sole discretion which Licensing Company shall not exercise unreasonably or within an unreasonably short period of time, revise any and all of the following:

- (a) the Product Label Guide; and
- (b) the Standard Rate.

Licensee acknowledges for itself and its Affiliates, and agrees that any such revision or other change as set out in a notice shall be deemed to be incorporated into this License Agreement upon the effective date of the change. Other than provisions related to topic "(b)", revisions and changes in accordance with this Section 12.1 shall not conflict with any other provisions of this License Agreement.

12.2 Licensee May Terminate This License Agreement in the Event of System Change. Licensee shall be entitled to refuse to comply with any System Change, including pre-authorized increases in the Standard Rate, by providing Licensing Company with timely notice of such refusal. In the event Licensee provides such notice, this License Agreement will automatically terminate if the refusal relates to a pre-authorized increase in the Standard Rate or the System Change set forth in Section 12.1(a). An increase in the Standard Rate shall be considered "pre-authorized" if it occurs in conjunction with (a) a substantial increase in the number of patents listed on the Essential Licensor Patent List because of (1) the addition of one or more entities to the list of Licensors or (2) the acquisition of patents by an existing Licensor, or (b) a modification or update by the Blu-ray Disc Association to the standard specifications listed in the definition of "BD Standard," which results in a material addition of technology covered by the definition. Such notice of refusal shall be considered "timely"

if it is provided (i) one or more days before the System Change takes effect, in which case this License Agreement shall automatically terminate the day before such System Change takes effect, or (ii) thirty (30) or less days after the System Change takes effect, in which case this License Agreement shall automatically terminate immediately upon the provision of such notice and Licensee shall not be considered to have breached this Agreement merely because it failed to comply with the System Change.

12.3 Licensing Company Agrees Not to Make Certain Changes. Licensing Company undertakes that it will not:

- (a) act unreasonably in making any System Change; or
- (b) restrict the scope of any license that has been granted under this License Agreement.

### 13 ESSENTIAL PATENTS

13.1 Objection to Essentiality. Should Licensee object to the inclusion or exclusion of any Patent owned by Licensors as a Technically Essential Patent or a Commercially Essential Patent in or from the Essential Licensor Patent List based on a contention set forth in a Notice of Challenge as defined in Appendix D of this License Agreement, such Patent shall be submitted to a Patent Expert to evaluate the subject Patent and resolve the contention. The fees and expenses of the Patent Expert for such evaluation shall be borne by the Licensee pursuant to Appendix D of this License Agreement. In the event that the Patent Expert determines that such Patent is or is not a Technically Essential Patent or a Commercially Essential Patent, such Patent shall be deleted from or added to the Essential Licensor Patent List as appropriate until such time, if ever, that the Patent Expert's decision is overturned by a court of competent jurisdiction.

13.2 Essential Licensor Patent List May Be Subject to Revisions and Royalty Rates Will Not Change Due to Such Revisions. Licensing Company and Licensee acknowledge and agree that the Essential Licensor Patent List may be subject to continual revision. Licensing Company and Licensee further acknowledge and agree that any changes to the Essential Licensor Patent List, as well as a determination that a Patent is a Former Essential Patent, shall not give rise to any adjustment of the Standard Rate or the royalties payable pursuant to this License Agreement and Licensee shall not be entitled to any refund by virtue of such changes.

13.3 Revocation of Patents From License. "Licensee-Related Entity" means (a) Licensee; (b) an Affiliate of Licensee; (c) an Authorized Manufacturer or (d) a minority shareholder having thirty percent (30%) ownership or more in Licensee or its Affiliates which manufactures or

sells any BD Product(s) or an Affiliate of such minority shareholder which manufactures or sells any BD Product(s). A “Licensee Essential Patent” is a Patent that contains one or more claims which are (or which were, if Former Essential Patent) necessary (where “necessary” for the purposes of this paragraph only means that the claim is either necessarily infringed, or necessary as a practical matter on the basis that there are no economically viable substitutes, to implement the relevant BD Software Standards, DVD Software Standards or CD Standards. Licensee acknowledges that in the event a Licensee-Related Entity has brought a claim for infringement of a Licensee Essential Patent in a lawsuit or other proceeding against one or more of the Licensors, or that a Licensee-Related Entity has refused to grant a Licensor a license under a Licensee Essential Patent on reasonable and non-discriminatory conditions, such Licensor’s Licensed Patents may be removed from any license granted by Licensing Company to such Licensee or its Licensee Affiliate. If the Licensee-Related Entity is an Authorized Manufacturer that is not an Affiliate, such Licensed Patent shall only be deemed removed for Licensed Products manufactured for Licensee or its Licensee Affiliates by such Authorized Manufacturer. In the event that a Licensee-Related Entity bringing such a claim does not agree that its Patent contains one or more necessary claims, such Patent shall be promptly submitted to a Patent Expert and Licensing Company’s right to revoke the Licensor’s Patents shall be suspended until the Patent Expert determines that such Patent contains a necessary claim. The fees of the Patent Expert for such evaluation shall be borne by the Licensee unless the Patent Expert determines that such Patent does not contain one or more necessary claims, in which case the fees shall be borne by the relevant Licensor(s) contending that such Patent does contain one or more necessary claims.

## **14 NO ASSIGNMENT**

- 14.1 Licensee’s Assignment. This License Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors and permitted assignees. It may not be assigned by Licensee in whole or in part except with the prior consent of Licensing Company, which consent shall not be unreasonably withheld when assigned in whole to an Affiliate of Licensee, given in writing and executed by a duly authorized representative of Licensing Company.
- 14.2 Licensing Company’s Assignment. Licensing Company may assign this License Agreement in whole to a successor of Licensing Company after providing Licensee with at least fourteen (14) days notice.

## 15 TERM AND TERMINATION

- 15.1 Term. This License Agreement shall commence on the Effective Date. Unless and until terminated earlier in accordance with the provisions of this Section 15, this License Agreement shall remain in force for a period of five (5) years from the Effective Date or until the expiry date of the last Licensed Patent whichever comes first. This License Agreement shall automatically extend for successive five (5) year periods, unless (a) Licensee notifies Licensing Company of its wish not to extend the Term no later than forty-five (45) days prior to the then-applicable end of the then-current five (5) year period, in which case this License Agreement shall terminate at the end of the then-current five-year period or (b) this License Agreement is terminated prior to the expiration of the then-current five-year period.
- 15.2 Licensee May Terminate Without Cause. Notwithstanding Section 15.1, Licensee may terminate this License Agreement without cause upon giving Licensing Company forty-five (45) days notice of its intention to terminate.
- 15.3 Either Party May Terminate If Other Party Breaches. Without prejudice to the provisions of Section 15.4 through Section 15.10, either party may terminate this License Agreement if the other party (or any Licensee Affiliate) fails to perform any obligation under this License Agreement and such failure is not remedied within forty-five (45) days after receipt of a notice specifying the nature of such failure and requiring it to be remedied. Such right of termination shall be without prejudice to any other remedy to which the non defaulting party may be lawfully entitled and all such remedies shall be cumulative.
- 15.4 Licensing Company May Terminate. Licensing Company may terminate this License Agreement if:
- (a) subject to applicable laws, a creditor or other claimant takes possession of, or a receiver, administrator or similar officer is appointed over, any of the assets of Licensee or a Licensee Affiliate, or Licensee or a Licensee Affiliate makes any voluntary arrangement with its creditors or becomes subject to any court or administration order pursuant to any bankruptcy or insolvency law; or
  - (b) any of Licensee's or a Licensee Affiliate's representations in or under this License Agreement proves to be false or are breached in any manner; or
  - (c) a notice has been issued by Licensing Company specifying non-payment or late payment of royalties, and Licensee does not remedy such non-payment or late payment within forty-five (45) days of such notice being issued.

- 15.5 Notice of Termination. In each instance where Licensing Company has a right to terminate pursuant to Section 15.4, Licensing Company may only exercise such termination right by giving notice to Licensee specifying the reason for such termination. Any termination so effected shall be effective immediately upon such notice.
- 15.6 Licensee's Obligations Upon Termination. Upon termination of this License Agreement for any reason, Licensee shall, at its expense, return to Licensing Company all Product Labels in its possession or certify that they have been destroyed and shall (and shall ensure that its Licensee Affiliates will) immediately cease (a) including in Shipments Label-Required Product bearing the Product Label; and (b) using the Product Label in any other way where such use would infringe Licensing Company's rights in the Registration Logo.
- 15.7 Payments Due Notwithstanding Termination. Upon termination of this License Agreement by Licensing Company for any reason pursuant to Sections 15.3 or 15.4, any and all amounts outstanding under this License Agreement shall become immediately due and payable. Rights already accrued shall survive termination. In the event credit set forth in Section 6.11 exceeds the amount owed to Licensing Company as of termination, Licensing Company shall pay, no later than three (3) months after termination, Licensee a refund equal to the credit less the amount owed.
- 15.8 Survival. All acknowledgements by Licensee and Licensee Affiliate under this License Agreement, and the following provisions of this License Agreement shall survive the expiry or termination of this License Agreement: Sections 1, 2, 6, 8, 9, 10, 11, 15.6, 15.7, 15.8, 15.9, 16. Section 7 of this License Agreement shall survive the expiry or termination of this License Agreement for one year.
- 15.9 Reporting of Stock Following Termination. Within forty-five (45) days following the termination of this License Agreement, Licensee shall submit to Licensing Company a report (i) specifying the number of Licensed Products owned or controlled by or for Licensee or Licensee Affiliates that remain in stock at such date of termination and (ii) identifying the location of the storage facilities where such Licensed Products are stored. The rights and obligations of this License Agreement shall continue to apply to such Licensed Products after termination of this License Agreement until (a) no such products remain in stock, (b) the date occurring thirty (30) days after the termination of this License Agreement if this License Agreement has been terminated by Licensing Company in accordance with Section 15.3, or (c) the date occurring ninety (90) days from the termination of this License Agreement if this License Agreement has not been terminated by Licensing Company in accordance with Section 15.3, whichever occurs earliest. The obligations of Licensee in this Section 15.9 shall not apply to Licensed Products: (i) that have been included in a Shipment by or for Licensee or Licensee Affiliate but that remain under Licensee's or Licensee



Affiliate's control and for which royalties have become due in accordance with the provisions of this Licensee Agreement or (ii) Licensed Products that were manufactured in, and remain in a country where no Licensed Patents subsist.

- 15.10 Termination Upon All Patents Expiring or Non-Infringement. Upon (i) the expiration of the last to expire Essential Licensor Patent; or (ii) the final adjudication by a court of competent jurisdiction of invalidity or unenforceability of the last of the unexpired Licensed Patents, from which adjudication no appeal is taken or allowed; or (iii) the issuance of a written opinion by a Patent Expert concluding that the last subsisting Licensor's Patent made available by this License Agreement does not qualify as a Licensed Patent, this License Agreement shall automatically terminate.

## 16 MISCELLANEOUS

- 16.1 No Breach for Non-Infringement. Notwithstanding anything to the contrary contained in this License Agreement, it shall not be a breach of this License Agreement, nor shall it give rise to any royalty payment or other obligations under this License Agreement, for a Licensee Party to manufacture, sell, import or otherwise dispose of a Label-Required Product not bearing the Product Label, where such manufacture, sale, importation or other disposal does not infringe any claim of an issued and unexpired Licensed Patent that has not been held unenforceable, un-patentable or invalid by a decision of a court or governmental agency of competent jurisdiction, where no appeal against such decision is possible. Except in cases where a Shipment is an Exempt Shipment, or where all issued and unexpired Licensed Patents subsisting for the locations between which the Shipment has been made have been held unenforceable, un-patentable or invalid by a decision of a court or governmental agency of competent jurisdiction, where no appeal against such decision is possible, Licensee may not fail to make royalty payments or to comply with its other obligations under this License Agreement based on this Section 16.1 of this License Agreement with respect to such Shipment without first providing Licensing Company with an analysis by a licensed patent attorney demonstrating that the manufacture, sale, importation or other disposal with respect to such Shipment does not infringe any Licensed Patent subsisting for the locations between which such Shipment has been made.
- 16.2 Right, Title and Interest in Patents and Product Label Remain with Licensors/Licensing Company. Licensee acknowledges for itself and its Affiliates that all right, title and interest in and to Licensed Patents and Registration Logo are owned by Licensors and by Licensing Company, respectively. Licensee shall not acquire any rights or title in any of the Licensed Patents or the Registration Logo, whether by implication, use, registration or otherwise. All

rights relating to or resulting from the use of the Product Label by Licensee, including, without limitation, goodwill, shall inure to the benefit of Licensing Company.

16.3 Third Party Infringement of Licensed Patents or Registration Logo.

- (a) Licensee acknowledges for itself and Its Affiliates, and agrees that this License Agreement does not grant or imply any right to instigate any action against a third party for infringement of any Licensed Patents or the Registration Logo.
- (b) If a third party infringement claim is made against a Licensee Party in connection with such Licensee Party's use of the Registration Logo on the Product Label, Licensee shall notify Licensing Company and Licensing Company shall have the right (but shall have no obligation) to defend such claim at Licensing Company's own cost. If Licensing Company does not defend such claim, or if use of the Product Label is enjoined by a court of competent jurisdiction, Licensee Parties shall have the right to discontinue use of the Product Label until such time that Licensing Company provides Licensee with a Product Label that is not the subject of an infringement claim.
- (c) If Licensing Company institutes legal proceedings against a third party for alleged infringement of the Registration Logo, Licensee shall provide Licensing Company with all such assistance as Licensing Company may reasonably require from time to time in respect of such proceedings.

16.4 Modifications to the License Agreement for BD-PC Manufacturer. Licensee acknowledges for itself and its Affiliates, and agrees that Licensing Company may modify the wording of the standard version of the "License Agreement for BD-PC Manufacturer" at any time. Licensee shall at all times have the option of entering into the most recent version of the "License Agreement for BD-PC Manufacturer", as published by Licensing Company on the Website or otherwise communicated by Licensing Company to Licensee after the Effective Date. Except as provided in Section 12, nothing in this License Agreement shall be construed as giving Licensing Company the right to change the wording of this License Agreement, without Licensee's consent, after it has been executed by Licensee.

16.5 Notices. Any notice required to be given by either party under this License Agreement shall, unless explicitly specified in this License Agreement otherwise, be given in writing in the English language by means of a letter, facsimile or e-mail directed:

in respect of Licensee or Licensee Affiliate, to:

[Licensee's Address, Fax Number and e-mail address for notice purposes]:

in respect of Licensing Company, to:

One-Blue, LLC

Address: 1350 Broadway, Suite1406, New York, New York, 10018, USA

Tel: +1 (212) 223-3190

Fax: +1 (212) 223-4690

E-mail: [info@one-blue.com](mailto:info@one-blue.com)

Attn: Legal Department

or such other address as may be thereafter specified by the party for the purpose of receiving notice. Notice shall be deemed to have been given on the day that it is so delivered personally or sent by facsimile transmission or e-mail and the appropriate answer back or confirmation of successful transmission or e-mail is received or, if sent by courier, shall be deemed to have been given two (2) business days after delivery by the courier company, or if mailed, ten (10) business days following the date on which such notice was so mailed. The proper sending of notice to Licensee shall constitute the proper sending of notice to any and all Licensee Affiliates.

- 16.6 Force Majeure. Neither party shall be responsible for any failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts or inability to obtain any export or import license or other approval or authorization of any governmental authority.
- 16.7 Entire Agreement. This License Agreement sets forth the entire understanding and agreement between the parties as to the subject matter to which it refers, and supersedes and replaces all prior arrangements, discussions and understandings between the parties relating to such subject matter. Subject to Sections 2.1, 12 and 13, no variation to this License Agreement shall be binding upon either party unless made in writing and signed by an authorized representative of each of the parties.
- 16.8 Rights and Obligations Not Conferred By this License Agreement. Nothing contained in this License Agreement shall be construed:
- (a) as imposing on either party any obligation to instigate any action for infringement of any Licensed Patents or Registration Logo, or to defend any action brought by a third party which challenges or relates to the validity of any of these intellectual property rights;

- (b) as imposing any obligation to file any patent, trademark or copyright applications, to secure any patent, trademark or copyright registrations, or to maintain any subsisting patent, trademark or copyright registrations; or
  - (c) as conferring any license to manufacture, sell or otherwise dispose of any product or device, or as transferring any title to any product or device.
- 16.9 Independent Counsel. Licensee, on behalf of itself and its Affiliates, acknowledges and confirms that it has had sufficient opportunity to engage legal counsel of its choice to review the structure, contents and implications of this License Agreement, and Licensee, on behalf of itself and its Licensee Affiliates, acknowledges and confirms that it freely enters into this License Agreement.
- 16.10 No Waiver. Neither the failure nor the delay of either party to enforce any provision of this License Agreement shall constitute a waiver of such provision or of the right of either party to enforce each provision of this License Agreement.
- 16.11 Severability. Should any provision of this License Agreement be finally determined to be void or unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions of this License Agreement, provided that, in such event, either party shall have the right to terminate this License Agreement by notice to the other party.
- 16.12 Interpretation. The Section headings contained in this License Agreement are for reference purposes only and do not in any way control the meaning or interpretation of this License Agreement. Explicit references to a particular section shall be deemed to include a reference to its subsections, if any. The terms "for the avoidance of doubt," "including," "such as," "by way of example" or any variation thereof means "including the following by way of example only, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items immediately following it. This License Agreement shall be fairly interpreted in accordance with its terms and without any presumption in favor of or against either party regardless of the drafter.
- 16.13 Governing Law. If the Country of Domicile of Licensee is the People's Republic of China, this License Agreement is governed by the laws of the Hong Kong Special Administrative Region. If the Country of Domicile is not the People's Republic of China, this License Agreement is governed by the laws of the State of New York, United States of America.
- 16.14 Dispute Resolution. Other than as provided in Section 16.15, any dispute between the parties in connection with this License Agreement (including any question regarding its existence, validity or termination) shall be submitted to and finally resolved by (a) if the

Country of Domicile is the People's Republic of China, arbitration administered by the Hong Kong International Arbitration Centre under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the Notice of Arbitration is submitted, the seat of arbitration being the Hong Kong Special Administrative Region, the number of arbitrators being one, and the arbitration proceedings being conducted in English, provided for the avoidance of doubt that Licensing Company retains the right to apply to any court of competent jurisdiction for provisional and/or conservatory relief, including but not limited to pre-arbitral attachments or injunctions, or (b) if the Country of Domicile is not the People's Republic of China, the Supreme Court of the State of New York, located in the County of New York, New York State, United States of America or the United States District Court for the Southern District of New York, United States of America, provided always that, where the Country of Domicile is not the People's Republic of China and Licensing Company is the plaintiff, it may, alternatively and at its sole discretion, submit such dispute either to the competent courts in the country where Licensee's office is located, or to the competent courts in any country where Licensee or its Licensee Affiliates are otherwise located or have manufacturing facilities, or, for claims arising in relation to a Shipment by Licensee or its Licensee Affiliates, to any of the competent courts in the country of destination of the Shipment. The service of any process and any other documents connected with any proceedings in connection with this Section 16.14 will be deemed to have been validly served on a party if they are served by mail to the addresses indicated in Section 16.5 or by any other method of service authorized by law applicable to the jurisdiction where service is made, and service shall be deemed to have been completed upon receipt by the party being served.

Licensee irrevocably waives any rights it may have to object to the jurisdiction, process and venue of any such court and to the effectiveness, execution and enforcement of any order or judgment (including, but not limited to, a default judgment) of any such court in relation to this License Agreement, to the maximum extent permitted by the law of any jurisdiction, or to the laws which might be claimed to be applicable regarding the effectiveness, enforcement or execution of such order or judgment.

- 16.15 Arbitration solely for disputes concerning jurisdiction. The parties acknowledge and agree that any effort to defeat or circumvent the appropriate jurisdiction or jurisdictions for disputes as set out in Section 16.14 are to be dealt with expeditiously and accordingly if:
- (a) a Licensee Party refers a dispute to any court other than the courts specified in Section 16.14 applicable to when the Country of Domicile is not the People's Republic of China and Licensing Company alleges that the Licensee Party has done so in breach of Section 16.14; and

- (b) a dispute arises between the parties as to
  - (i) whether a Licensee Party has referred a dispute to a court (other than the courts specified in Section 16.14 applicable to when the Country of Domicile is not the People's Republic of China) that, under Section 16.14, lacks jurisdiction; or
  - (ii) the appropriate remedy by way of injunction and/or damages or otherwise due to Licensing Company from a Licensee Party arising from such breach,

Licensing Company may refer the dispute under this Section 16.15 (b) to arbitration by giving to Licensee a notice, including a reference to this Section 16.15, specifying the dispute that Licensing Company has referred to arbitration. The arbitration shall be conducted by one arbitrator appointed by the American Arbitration Association at Licensing Company's request. The arbitrator shall be a lawyer qualified under the laws of, and engaged in private practice in, the State of New York, United States of America. Before his appointment he shall have given an assurance (either on oath or binding as a matter of professional conduct) to discharge the office of arbitrator impartially. The arbitration shall be conducted in the English language in New York, New York, the United States of America. If the arbitrator dies, resigns, refuses to arbitrate or becomes incapable of arbitrating, Licensing Company shall request the arbitrator to appoint a new arbitrator. If arbitration had already commenced prior to the new arbitrator being appointed, it shall continue as if the new arbitrator had been acting from the beginning. The arbitrator shall use his/her best endeavors to issue a final award within twenty (20) days of his/her appointment. Procedural matters not specified in this Section 16.15, including costs of the arbitration, shall be determined by the arbitrator. Neither party may apply to a Court to determine any question of law arising in the course of, or otherwise in relation to, the arbitration, or appeal to a Court on a question of law relating to an award.

AS WITNESS, the parties hereto have caused this License Agreement to be executed in duplicate on the date first written above by their duly authorized representatives.

LICENSING COMPANY

**ONE-BLUE, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reference Copy

AS WITNESS, the parties hereto have caused this License Agreement to be executed in duplicate on the date first written above by their duly authorized representatives.

LICENSEE

[INSERT NAME OF LICENSEE]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reference Copy



**APPENDIX A**

**LICENSEE AFFILIATES**

Reference Copy

**APPENDIX B**

**CONFIRMATION OF BILATERAL AGREEMENT**

[insert date]

Roel Kramer  
CEO  
One-Blue, LLC  
555 Madison Avenue, 11<sup>th</sup> Floor  
New York, NY 10022  
USA

RE: Royalty Offsetting

Dear Mr. Kramer:

We hereby request you to make the royalty adjustment of the “License Agreement for BD-PC Manufacturer” reflecting the Bilateral Agreement between [insert licensor of the bilateral license arrangement] and our company dated [insert effective date of the license arrangement], the relevant terms and conditions of which are provided below.

Our request for royalty adjustment and confirmation of the existence of the Bilateral Agreement covering Licensed Products, between [insert licensor of the bilateral license arrangement] and our company, was acknowledged and agreed by [insert licensor of the bilateral license arrangement], a duly authorized signature of which is indicated below. (The terms used herein shall have the meaning set forth in the “License Agreement for BD-PC Manufacturer”.)

(i) Scope of Products. Please mark the relevant boxes which are subject to the Bilateral Agreement:

- Licensed Product that is not Shipped with a BD-Capable Drive
- Licensed Product Shipped with a BD-Capable Drive that is capable of any BD Recording Functions
- Licensed Product Shipped with a BD-Capable Drive that is not capable of performing any BD-Recording Functions but is capable of recording in accordance with the DVD or CD Standard(s)
- Licensed Product Shipped with a BD-Capable Drive that does not fall within any of the foregoing items
- other (write descriptions here )

(ii) Scope of Patents. Please mark the relevant boxes which are subject to the Bilateral Agreement:

- all Licensed Patents with respect to BD Software Standards for the products marked above.
- all Licensed Patents with respect to DVD Software Standards for the products marked above.
- all Licensed Patents with respect to CD Standards for the products marked above.
- other (write descriptions here \_\_\_\_\_ )

(iii) The term of Bilateral Agreement.

From [insert date] – to [insert date]

Yours sincerely,

\_\_\_\_\_  
[Name of signatory]

[Title, etc.]

[Name of Licensee]

Acknowledged and Agreed:

By (sign): \_\_\_\_\_

Name (print): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX C

### PRODUCT LABEL GUIDE

#### 1. Introduction

Terms with initial capital letters used in this Product Label Guide have the meaning set forth in the License Agreement.

The proper placement of a Product Label, as shown in Figure 1, on Label-Required Products is required under the License Agreement. Therefore, Licensee must attach a Product Label to all Label-Required Products it Ships.

This Product Label Guide sets forth the rules for the attachment of the Product Labels to the Label-Required Products and further specifies the rules for procuring Product Labels. It also includes reporting instructions for damaged Product Labels.



#### 2. Rules for attaching Product Labels

The Product Label, which shall be obtained only from Licensing Company or a supplier that has been designated by Licensing Company (hereinafter referred to as “Authorized Supplier”), shall be attached to each Label-Required Product, in the following manner:

- (a) the Product Label shall be attached directly to the retail packaging of the Label-Required Product, without an intermediate layer between the Product Label and the retail packaging;

- (b) the Product Label shall be visible on the outside of the retail packaging, as shown in Figure 1;
- (c) the Product Label shall not be placed on an edge of the retail packaging;
- (d) the Product Label shall be placed in such way that the Product Label will not be damaged when the retail packaging of the Label-Required Product is opened.

### **3. Rules for procuring Product Labels**

Licensee or Licensee Affiliate shall order the Product Labels from Licensing Company or Authorized Supplier pursuant to a written request, specifying the required quantities.

Licensee shall not order more and shall not keep in stock more Product Labels than it would attach to an amount of Label-Required Products equivalent to the amount of Label-Required Products manufactured in a regular production cycle in a period of six (6) months.

Product Label details and ordering will be available through the Website. Login and proper authorization may be required.

Licensing Company shall procure that Authorized Supplier will make commercially reasonable efforts to process all orders for Product Labels within a time period of five (5) working days. Licensee acknowledges that Authorized Supplier will only deliver to the address of Licensee, known to Authorized Supplier. However, Licensing Company shall not be obligated to procure such reasonable efforts, or direct Authorized Supplier to fulfill orders from Licensee or Licensee Affiliate, if Licensee or any of its Licensee Affiliates are in breach of this Product Label Guide or any other provision of the License Agreement, or if a creditor or other claimant takes possession of, or a receiver, administrator or similar officer is appointed over, any of the assets of Licensee or a Licensee Affiliate, or Licensee or a Licensee Affiliate makes any voluntary arrangement with its creditors or becomes subject to any court or administration order pursuant to any bankruptcy or insolvency law.

The shipping costs related to the Product Labels shall be due and payable by Licensee no later than forty-five (45) days from date that Licensing Company or its Authorized Supplier invoices Licensee or Licensee Affiliate.

Licensee and Licensee Affiliate shall be solely responsible for payment of all import duties or taxes related to the delivery of Product Labels to Licensee or Licensee Affiliate.

### **4. Reporting Missing and Damaged Product Labels**

In accordance with Section 8.1 of the License Agreement, Licensee or Licensee Affiliate shall report the number of Missing Product Labels promptly to Licensing Company, providing

sufficient details for Licensing Company to understand the relevant circumstances, quantities of the Missing Product Labels and the numbers mentioned on the Missing Product Label(s).

If Licensee or Licensee Affiliate receives from Licensing Company or its Authorized Supplier, any Product Labels which have been damaged, and are not usable, Licensee or Licensee Affiliate shall identify such damaged Product Labels to Licensing Company, specifying that the Product Labels were already damaged upon receipt. After the receipt of such notice from Licensee, containing evidence that the Product Labels were damaged, Licensing Company shall provide replacement Product Labels. In addition, Licensing Company may require Licensee to follow additional instructions provided by Licensing Company with respect to such Product Labels. A Product Label is considered "damaged," for the purposes of this definition only, if it cannot be attached in a manner that permits a person to clearly discern the information on the label. By way of example and not limitation, a label would be considered damaged for the purposes of this definition if it has lost its adhesive properties, it has a significant portion torn from it, or the Registration Logo is significantly obscured.

Reference Copy

## APPENDIX D

### PAYMENT OF PATENT EXPERT FEES

Licensee shall pay the fees and expenses of the Patent Expert for the evaluation of the subject Patent, in the following cases:

1. Licensee requests Patent Expert to evaluate a Patent listed on the Essential Licensor Patent List to determine whether the Patent qualifies as either a Technically Essential Patent or a Commercially Essential Patent, and the Patent Expert determines the Patent to qualify as either a Technically Essential Patent or a Commercially Essential Patent; and
2. Licensee submits a “Notification of Challenge” (as defined hereinafter) regarding the subject Patent.

“Notification of Challenge” means a Licensee’s document to be submitted to the Licensing Company to indicate its objection and contention pursuant to Section 13.1 of this License Agreement to the inclusion or exclusion of any Patent owned by Licensors as a Technically Essential Patent or a Commercially Essential Patent in or from the Essential Licensor Patent List, and which explains the Licensee’s contention in sufficient detail to enable a Patent Expert to evaluate the subject Patent and resolve the contention. If the objection relates to Commercially Essential Patent(s), the contention shall explain why the Licensee believes in good faith that as a practical matter there is (in the case of objection to inclusion of a Patent on the Essential Licensor Patent List) or there is not (in the case of objection to exclusion of a Patent from the Essential Licensor Patent List) an economically viable substitute to implement the relevant BD Standards, the DVD Standards or the CD Standards to which the Patent pertains.

## **APPENDIX E**

### **AUDIT GUIDE**

This Audit Guide lays down the conditions under which audits are to be performed and audit statements generated by Licensee's external auditors on the Official Past Use Report pursuant to Section 6.3(c)(2), respectively, of the "License Agreement for BD-PC Manufacturer" between Licensee and Licensing Company. This Audit Guide may be amended by Licensing Company from time to time.

#### **1. Auditor's Qualifications**

The auditor appointed by Licensee to issue an audit statement on the Official Past Use Report shall, where Licensee appoints an auditor on a regular basis to issue an auditor's opinion on the financial statements of Licensee, be the same auditor, unless reasonable explanation to the contrary; and, in any event, the auditor shall be:

- (a) a certified public auditor, chartered accountant or registered accountant (as these terms are generally known in the United States, the United Kingdom and The Netherlands respectively) or holding an equivalent professional qualification in the country in which the auditor practices;
- (b) a member of a well-respected firm, preferably one of KPMG, PricewaterhouseCoopers, Deloitte Touche Tohmatsu and Ernst & Young (or any of their successors); and/or
- (c) a member of the American Institute of Certified Public Accountants (AICPA), the Institute of Chartered Accountants in England & Wales (ICAEW), or Koninklijk Nederlands Instituut van Registeraccountants (NIVRA) (whichever of these associations governs accounting in the country in which the auditor practices), or a member of a professional body of similar standing where this is not practicable.

#### **2. Opinion**

The audit statement on the Official Past Use Report shall be in the form of the Independent Audit Statement set out in Schedule 1.



## Schedule 1

### Independent Audit Statement

#### Independent Audit Statement to the Directors and/or Management of [Licensee]

We have audited the attached report the **Official Past Use Report** relating to the Shipments of Licensed Products to or by Licensee and Licensee Affiliates, as reported by Licensee to Licensing Company under the “License Agreement for BD-PC Manufacturer” between them dated [●] (the **License Agreement**). The Official Past Use Report has been duly initialed by us for identification purposes and relates to the period starting [dd/mm/yyyy] and ending [dd/mm/yyyy].

#### 1. Respective Responsibilities of Directors, Management and Auditors

The directors and/or management are responsible for preparing the Official Past Use Report in accordance with the terms of the License Agreement, so as to set out completely and accurately the information required to be reported under the License Agreement for the period [dd/mm/yyyy through dd/mm/yyyy].

Our responsibility is to express an opinion on the completeness and accuracy of the Official Past Use Report based on our audit of [*Licensee Owner’s and/or Licensee Affiliates*]’ books and records and other aspects of its manufacturing and distribution operations.

This audit statement is intended for use by the board of directors and management of [Licensee] for the purpose of its reporting requirements under the Past Use Agreement and therefore may only be made available by [Licensee] to Licensing Company [and Licensee Affiliates] (as defined in the License Agreement). We consent to such distribution on the understanding that under no circumstances shall we accept any liability or responsibility to Licensing Company [or its Affiliates], or to any other party to whom our report is made available (whether or not intentionally and whether or not by [Licensee] or Licensing Company [or either of their Affiliates]). This audit statement may not be made available to any other party without our prior written consent.

#### 2. Basis of Audit Opinion

We have conducted our audit in accordance with those elements of generally accepted international standards on auditing that are relevant for the purposes of forming an opinion on the completeness and accuracy of the Confirmation Letter. These standards require that we:

- (a) plan and perform the audit in order to make ourselves satisfied that the Official Past Use Report is free of material mistakes, misstatements or other inaccuracies;
- (b) examine, on a test basis, evidence supporting the statements made in the Official Past Use Report;
- (c) assess the appropriateness of the accounting principles adopted in preparing the Official Past Use Report and the accuracy of significant estimates made in the Official Past Use Report by the management of [*Licensee*]; and
- (d) evaluate the overall presentation of the Official Past Use Report.

We believe that the method adopted in our audit provides a reasonable basis for issuing our statement.

### 3. Statement

In our opinion, the Official Past Use Report sets out completely and accurately (in all material respects) the information required to be reported by [*Licensee*] under the License Agreement for the period [dd/mm/yyyy through dd/mm/yyyy].

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(signed)  
[Name of Audit Firm]  
[City]  
[Date]

**Attachment: Official Past Use Report (\_\_\_ pages)**