ADVANCED ACCESS CONTENT SYSTEM ("AACS")
ADOPTER AGREEMENT

This AACS Adopter Agreement ("Agreement") is effective as of _____ (the "Effective Date") by and between Advanced Access Content System Licensing Administrator LLC, a Delaware limited liability company ("AACS LA"), the "Licensors" as defined below and the "Adopter" named below:

Name of Adopter

_____

Description of Adopter's Business

_____

Name of Contact Person

_____

Contact person's Phone No., Address, Fax No., E-mail address

_____

_____

_____

Location of Principal Offices

_____

_____

State or Country of Incorporation

_____

Year of Incorporation

_____

WITNESSETH:

WHEREAS, a group of companies identified below as the Licensors has developed certain technology and methods for data encryption, encryption key management, encryption system renewability, and forensic tracing, for the purpose of controlling copying and preventing unauthorized distribution of copyrighted content, which methods are described in the Specifications entitled Advanced Access Content System ("AACS") Specifications (as defined below);

WHEREAS, the Licensors have licensed or assigned aspects of the AACS Technology and Specifications to AACS LA and authorized AACS LA to further license the

AACS Technology and administer such licenses, and whereas the Licensors shall license certain patent claims directly to Adopter on an enabling basis through this Agreement;

WHEREAS, the Licensors previously have authorized the issuance of an Interim Adopter Agreement, an Interim Content Participant Agreement and an Interim Content Provider Agreement to facilitate the rapid development of the market for Licensed Products, and companies have entered into such agreements and developed and marketed products thereunder;

WHEREAS, the Licensors have ceased offering the interim agreements and hereafter will only offer Final Approved Licenses;

WHEREAS, Adopter has agreed to comply with all obligations set out herein;

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **DEFINITIONS.** Capitalized terms shall have the meanings set forth in this Section 1 or elsewhere in this Agreement.

   1.1. "415K Resolution" means an image having the visual equivalent of no more than 415,000 pixels per frame (*e.g.*, an image with resolution of 854 pixels by 480 pixels for a 16:9 aspect ratio).

   1.2. "AACS Content" has the meaning set forth in the Compliance Rules.

   1.3. "AACS Keys" means, collectively, AACS Public Keys, Device Keys, Device Key Sets, MKBs, Media Keys, Sequence Keys, certificates, and all other cryptographic values referenced in the Specifications, other than Evaluation Keys, that are made available only by, or at the direction of and under license by, AACS LA. For clarification, Title Keys are not part of the definition of AACS Keys for the purpose of this Agreement, however requirements apply to the use and protection of Title Keys as otherwise provided in this Agreement and the Compliance and Robustness Rules.

   1.4. "AACS Online Service" means those portions of the Online Transaction functions (including but not limited to Managed Copy authorization functions) of a product or service, which portions are made or performed under license from AACS LA and the Licensors and used in a production environment under an Approved License designated by AACS LA as an AACS Online Service Provider Agreement expressly authorizing use of an AACS Online Service in a production (as opposed to evaluation) environment and that: (i) embody and comply with all requirements of all applicable Specifications related to an AACS Online Service Provider and (ii) meet all applicable Compliance Rules under such AACS Online Service Provider Agreement.

   1.5. "AACS Online Service Provider" means a party authorized to provide AACS Online Services under an Approved License designated by AACS LA as an AACS Online Service Provider Agreement.

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1.6. "AACS Public Keys" means cryptographic values used to verify signatures of items signed by AACS LA as described in the Specifications.

1.7. "AACS Technology" means the technology and methods developed by the Licensors and described in the Specifications including, without limitation, the technology and methods for authentication, encryption, decryption, encryption key management, encryption system renewability, forensic tracing and Online Transactions, and the AACS Keys and the Evaluation Keys.

1.8. "Acknowledged Product" of Adopter means (i) with respect to an Implementation the first unit of which was shipped after the Certification Requirement Date, a Test Unit that is the subject of an Acknowledgement of Compliance Testing and any other Licensed Product of Adopter that is not materially different from such Test Unit with respect to the means by which such Licensed Product achieves compliance with the Test Criteria and Certification Questionnaire and (ii) an Implementation the first unit of which was shipped prior to the Certification Requirement Date for which Adopter has not received a failure notice from the Authorized Certification Entity after the Certification Requirement Date.

1.9. "Acknowledgement of Compliance Testing" means the form specified by AACS LA to be issued by an Authorized Certification Entity upon the successful conclusion of Compliance Testing and successful completion and review of the Certification Questionnaire.

1.10. "Activation" (including "Activate" or "Activated") means (i) for a Robust Inactive Product described by Section 1.71.1, a process whereby an end user makes an online connection to Adopter or its designee at least once prior to using the functionality of such Robust Inactive Product, and downloads or installs software (which includes or consists of a Device Key Set) without which such functionality will not be usable and which is designed to result in a Licensed Product, and (ii) for a Robust Inactive Product described by Section 1.71.3, a process whereby such first Robust Inactive Product is combined with a Licensed Product, Licensed Component or second Robust Inactive Product of the type described by Section 1.71.1 in a manner that is designed to result in a combination that is a Licensed Product. For the avoidance of doubt, and without limitation of any other provision of this Agreement (including without limitation the Compliance Rules), Activation shall be subject to the provisions of Section 7.7 of the Compliance Rules.

1.11. "Adopter" means the Executing Entity, and shall include its Affiliates.

1.12. "Adopter Agreement" means this Agreement, the Interim Adopter Agreement and any other AACS license agreement (including its Compliance Rules and associated exhibits) signed between AACS LA and a party designated as "Adopter" that includes substantially similar licensing and covenant provisions to this Agreement.

1.13. "Affiliate" means with respect to any person or entity, any other person or entity directly or indirectly controlling or controlled by or under direct or indirect

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common control with such person or entity. "Control" means the possession of beneficial ownership of more than fifty percent (50%) of the stock or other similar interest entitled to vote for election of the Board of Directors or similar managing authority.

1.14. "Approved License" means an Adopter Agreement, Content Participant Agreement, Content Provider Agreement, Reseller Agreement, AACS Online Service Provider Agreement or other license agreement for use of the Specifications and/or AACS Technology, approved by the Licensors.

1.15. "Authorized Certification Entity" means an entity designated as such on the AACS LA web site.

1.16. "Authorized Recipient" has the meaning set forth in Section 6.3.2.

1.17. "Authorized Reseller" means an entity that is authorized to receive and/or redistribute Licensed Components in accordance with a Reseller Agreement and this Agreement.

1.18. "Book" shall mean version 0.93 or higher of a volume of the Advanced Access Control System Specifications with respect to which AACS LA has given public notice on its website that such version of a given Book is licensable under Approved Licenses. Each of the following volumes shall be considered a "Book" hereunder:

"AACS Introduction and Common Cryptographic Elements Book,"

"AACS Prepared Video Book,"

"AACS Pre-recorded Video Book,"

"AACS Recordable Video Book,"

"AACS Blu-ray Disc Prepared Video Book,"

"AACS Blu-ray Disc Pre-recorded Book,"

"AACS Blu-ray Disc Recordable Book,"

"AACS HD DVD and DVD Prepared Video Book,"

"AACS HD DVD and DVD Pre-recorded Book,"

"AACS HD DVD and DVD Recordable Book,"

"AACS Signed CSS Content Book,"

and any future volume that extends the applications of the "AACS Introduction and Common Cryptographic Elements," "AACS Pre-recorded Video Book," and/or "AACS Recordable Video Book" to additional Removable Storage Media to which content is cryptographically bound using AACS Technology so that

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such content can be accessed by compliant products upon insertion of such media in such products, as any such Book may be amended from time to time but only in a manner consistent with the Change Management Provisions.

1.19. "Certification Questionnaire" means the questionnaire for use in review of Test Units published by AACS LA and designated as such pursuant to this Agreement, as may be changed by AACS LA from time to time consistent with Section 3.2.3.

1.20. "Certification Requirement Date" has the meaning set forth in Section 3.1.

1.21. "Completed" means: (i) in the case of hardware, when a unit has been completed with respect to the production or assembly process; and (ii) in the case of software, only when a unit has been copied onto Removable Storage Media for retail distribution.

1.22. "Compliance Rules" means, with respect to products manufactured under this Agreement, the requirements set out in Exhibit E and, with respect to products licensed or manufactured under another Approved License, the requirements of such agreement entitled "Compliance Rules," in each case, including the Robustness Rules contained therein, and as may be amended from time to time in accordance with the terms of the applicable Approved License.

1.23. "Compliance Testing" means the testing of a Test Unit for the purpose of determining compliance with the Test Criteria.

1.24. "Confidential Information" means any and all information relating to this Agreement and/or the AACS Technology and/or the Specifications that is marked "confidential" when disclosed in written form or indicated as confidential or proprietary to the discloser when disclosed orally, and confirmed by the discloser in writing within thirty days to be Confidential Information, provided, however, that Evaluation Keys shall be treated as "Confidential Information" regardless of whether or not they are marked "confidential."

1.25. "Content Participant" means an entity that has executed a Content Participant Agreement that remains in effect, and shall include its Affiliates.

1.26. "Content Participant Agreement" means any Approved License entered into by AACS LA, Licensors and a party designated as a Content Participant that is called an Interim Content Participant Agreement or a Content Participant Agreement by AACS LA.

1.27. "Content Provider" means an entity that has executed a Content Provider Agreement that remains in effect, and shall include its Affiliates.

1.28. "Content Provider Agreement" means any Approved License entered into by AACS LA, Licensors and a provider of Digital Entertainment Content that is called an Interim Content Provider Agreement or a Content Provider Agreement by AACS LA.

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1.29. "Device Key" means a cryptographic value used to decrypt portions of a Media Key Block in order to calculate a Media Key, as defined by the technical specifications contained in "AACS Introduction and Common Cryptographic Elements," published by AACS LA.

1.30. "Device Key Set" means Device Keys which are provided to Adopter by AACS LA or its designee for use in a specific device or set of devices.

1.31. "Digital Entertainment Content" means audiovisual works and/or sound recordings as defined in 17 U.S.C. § 101, games, ebooks or software and related information or material intended for enjoyment by end-users that may include by way of example and not of limitation, graphics, liner notes, and interviews with or statements by artists, which is: (a) not created by a user of a particular Licensed Product (or, if originally created by a user of a particular Licensed Product, protected by AACS Technology by or under the direction of a Content Participant or Content Provider as copyright holder or licensee of the copyright in the user-created material); and (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers, purchasers, licensees, or the public at large, or otherwise for commercial purposes, not uniquely to an individual or a small, private group.

1.32. "Eligible Content Participant" means (i) a Founder or its Affiliate that in either case is a Content Participant; or (ii) a Content Participant under a Final Content Participant Agreement that has sales of at least five million US dollars (US$5,000,000) in the immediately preceding year from distribution of Digital Entertainment Content in a form protected by the AACS Technology pursuant to an Approved License, and has reported to AACS LA that it has met such threshold, provided, however, that while eligibility under (ii) shall be judged taking into account the sales of the entity that signed the relevant Content Participant Agreement and all or any of its Affiliates, a Third Party Beneficiary Claim under (ii) may only be brought by the entity that signed the relevant Final Content Participant Agreement or any one of its Affiliates that has been identified to AACS LA in a notice pursuant to the equivalent of Section 11.11 hereof that it will exercise rights under such Final Content Participant Agreement.

1.33. "Eligible Watermark Content Participant" means a Content Participant under a Final Content Participant Agreement that: (i) has signed a license Agreement with Verance Corporation to embed the Audio Watermark; and, (ii) and has U.S. box office revenues from theatrical releases at least equal to the smallest MPAA company (measured by 2006 revenues or the smallest of the current revenues of a member that was a member in 2006, whichever is lesser, but in no event less than 50% of 2006 smallest member revenue, provided, however, that while eligibility shall be judged taking into account the sales of the entity that signed the relevant Content Participant Agreement and all or any of its Affiliates, a Third Party Beneficiary Claim under (ii) may only be brought by the entity that signed the relevant Final Content Participant Agreement or any one of its Affiliates that has been identified to AACS LA in a notice pursuant to the equivalent of Section 11.11 hereof that it will exercise rights under such Final Content Participant Agreement.

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1.34.	"Eligible Fellow Adopter" means (i) a Founder or its Affiliate that in either case is a Fellow Adopter; or (ii) a Fellow Adopter under a Final Adopter Agreement that (a) has worldwide revenues of at least five million US dollars (US$5,000,000) in the immediately preceding year from the sale of products that are or contain Licensed Components or Licensed Products produced by such Fellow Adopter (or for such Fellow Adopter pursuant to the have made provisions) under its Adopter Agreement, (b) s represented by one of Fellow Adopter's employees on the Video Board of the Consumer Electronics Association of America or is a member of the Intellectual Property Committee of the Information Technology Industry Council and (c) has reported to AACS LA that it has met such threshold, provided, however, that while eligibility under (ii) shall be judged taking into account the sales and memberships of the entity that signed the relevant Final Adopter Agreement and all or any of its Affiliates, the Third Party Beneficiary Claim under (ii) may only be brought by the entity that signed the relevant Final Adopter Agreement or any one of its Affiliates that has been identified to AACS LA in a notice pursuant to the equivalent of Section 11.11 hereof that it will exercise license rights under the equivalent of Section 2.2 or 2.3 of such Final Adopter Agreement.

1.35.	"Eligible Managed Copy IP Exception Fellow Adopter" means a Founder or its Affiliate, whether or not a Fellow Adopter, or an entity on Exhibit D or its Affiliate that is a Fellow Adopter under a Final Adopter Agreement, provided, however, that a Third Party Beneficiary Claim by a Fellow Adopter may only be brought by the entity that signed the relevant Final Adopter Agreement or any one of its Affiliates that has been identified to AACS LA in a notice pursuant to the equivalent of Section 11.11 hereof that it will exercise rights under such Final Adopter Agreement.

1.36.	"Evaluation AACS Online Service" means those portions of the AACS Online Transaction functions (including but not limited to Managed Copy authorization functions) of a product or service, which portions implement parts of the Specifications, make use of only Evaluation Keys, and are made or performed under license from AACS LA and the Licensors for testing, evaluation or development purposes or which is transferred or sold to a Fellow Adopter, Content Participant or Content Provider consistent with the terms of an Approved License.

1.37.	"Evaluation Election Date" means the date upon which AACS LA confirms Adopter's election on Exhibit A to become an evaluation licensee pursuant to Section 2.2.

1.38.	"Evaluation Keys" means such facsimile versions of AACS Keys as are supplied by, or at the direction of and under license by, AACS LA to allow a Fellow Adopter to evaluate, test and develop Evaluation Licensed Components or Evaluation Licensed Products according to the Specifications.

1.39.	"Evaluation Licensed Component" means those portions of a component which are made under license from AACS LA and the Licensors for testing, evaluation or development purposes, and which are designed to be and which are assembled into an Evaluation Licensed Product or which are transferred or sold to a Fellow

Adopter, Content Participant or Content Provider, consistent with Section 2.3.6 (or comparable provision of another Adopter Agreement).

1.40. "Evaluation Licensed Content Product" means those portions of digital data in a pre-recorded or downloadable content product protected by or that implement AACS Technology, whether or not embodied in a physical medium, that implement one or more Specifications under license from AACS LA and the Licensors for testing, evaluation or development purposes or which is transferred or sold to a Fellow Adopter, Content Participant or Content Provider consistent with the terms of an Approved License and that may incorporate Evaluation Keys. For the avoidance of doubt, to the extent such data files are arranged or placed on a physical medium in a manner described with particularity by the mandatory parts of the Specifications, "Evaluation Licensed Content Product" includes such arrangement or placement, but excludes the physical medium.

1.41. "Evaluation Licensed Product" means those portions of a product, other than a AACS Online Service or Evaluation AACS Online Service, implementing one or more Specifications and incorporating Evaluation Keys, made under license from AACS LA and the Licensors for testing, evaluation or development purposes or which is transferred or sold to a Fellow Adopter, Content Participant or Content Provider consistent with Section 2.3.6. For the avoidance of doubt, "Evaluation Licensed Product" includes (a) an Evaluation Licensed Content Product, and (b) those portions of data arranged or placed on a blank recordable physical media evaluation product in a manner described with particularity by the mandatory parts of the Specifications, but excludes the physical medium; in either case that meet the elements of the foregoing definition.

1.42. "Executing Entity" means the entity named on Page 1 of this Agreement on the line under "Name of Adopter."

1.43. "Expiration Criteria" has the meaning set forth in Section 10.3.

1.44. "Expiration Information" means information distributed to Fellow Adopters, Content Providers and Content Participants by or under the direction of AACS LA for purposes of distributing such information as required by the Specifications and Compliance Rules in order to Expire one or more AACS Keys.

1.45. "Expire" means steps set forth in the Specifications by which AACS Keys may be invalidated, rendering them unable to be used to decrypt, record or playback Digital Entertainment Content protected by AACS Technology (including, where the context requires, "Expiration" or "Expired").

1.46. "Fellow Adopter" means any entity (including Adopter), which has executed an Adopter Agreement that remains in effect with AACS LA and Licensors in order to use and implement any Specification and the AACS Technology licensed pursuant to such Adopter Agreement and shall include its Affiliates.

1.47. "Final Adopter Agreement" means an Adopter Agreement designated other than "interim" by AACS LA.

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1.48. "Final Content Participant Agreement" means a Content Participant Agreement designated other than "interim" by AACS LA.

1.49. "Founders" means The Walt Disney Company, International Business Machines Corporation, Intel Corporation, Microsoft Corporation, Panasonic Corporation, Toshiba Corporation, Sony Corporation, and Warner Bros. Technical Operations, Inc.

1.50. "Highly Confidential Information" means information relating to this Agreement and/or the AACS Technology and/or the Specifications which information is marked "Highly Confidential Information" when disclosed in written form or indicated as "Highly Confidential" when disclosed orally and confirmed by any Licensors or AACS LA in writing within thirty days to be "Highly Confidential," provided, however, that those AACS Keys listed on Appendix 1 to the Compliance Rules shall be treated as "Highly Confidential Information" regardless of whether or not they are marked "Highly Confidential."

1.51. "Implementation" means all units of each unique implementation, of the combination of the AACS Technology and means of compliance with the Compliance and Robustness Rules, in Licensed Products. By way of example only: (i) two hardware players that have different model numbers or enclosures, but internally implement AACS Technology and comply with the Compliance and Robustness Rules in the same way are considered to be one Implementation; (ii) a single hardware player model number in which Adopter uses chips, sourced from multiple vendors (where each vendor used its own design rather than a common design of the hardware player mfg.), that implement AACS Technology or comply with the Compliance and Robustness Rules in different ways are considered to be multiple Implementations (but not all may have the breach); and (iii) two software players, for preload by different PC OEMs, that have different model numbers or different user interface screens, but contain the same code implementing AACS Technology and use the same means of compliance with the Compliance and Robustness Rules, are considered to be a single Implementation; (iv) a software player that is capable of combining with alternative Robust Inactive Products in order to form Licensed Products would become a distinct Implementation in combination with each alternative Robust Inactive Product.

1.52. "Interim Adopter Agreement" means an Adopter Agreement designated as "interim" by AACS LA.

1.53. "Licensed Component" means that portion of a component, other than an Evaluation Licensed Component, such as an integrated circuit, circuit board, or software module which (i) is manufactured under license from AACS LA and the Licensors, (ii) is designed solely to be and, except in the case of a Robust Inactive Product, is assembled into a Licensed Product, or is sold or otherwise distributed to a Fellow Adopter or an Authorized Reseller solely for resale and/or distribution in accordance with the terms of a Reseller Agreement and the applicable Adopter Agreement; (iii) embodies a portion, but not all, of the requirements of one or more Specifications and/or which, by virtue of the fact that it is not a Licensed Product, does not by itself completely satisfy all of the Compliance Rules; (iv) cannot by itself, or with the mere addition of AACS

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Keys, decrypt any Digital Entertainment Content protected using AACS Technology; and (v) does not contain AACS Keys (other than AACS Public Keys) unless (x) it is distributed to an end user in the course of a Periodic Update or (y) Adopter (or the applicable Fellow Adopter) upon distribution to a third party employs commercially reasonable business practices to verify receipt by a customer authorized under Sections 2.3.1 and 2.3.2 hereof and promptly reports to AACS LA any failure of a Licensed Component to be received by such customer following shipment.

1.54. "Licensed Content Producer" means a Fellow Adopter that (i) engages in mastering or authoring of digital data and/or the use of such data to produce a glass master (or equivalent) as intermediate steps towards the production of pre-recorded physical media containing Evaluation Licensed Content Products or Licensed Content Products, or (ii) prepares Licensed Content Products for online delivery.

1.55. "Licensed Content Product" means those portions of digital data of a pre-recorded or downloadable content product protected by or using AACS Technology (at least some of which data must contain a reproduction in digital form of Digital Entertainment Content), that: (i) implement one or more Specifications, whether or not embodied in a Removable Storage Media; (ii) are not an Evaluation Licensed Content Product; (iii) are manufactured or produced under license from AACS LA and the Licensors pursuant to an Adopter Agreement; (iv) embody and comply with all requirements of all applicable Specifications, and (v) meet all applicable Compliance Rules. For the avoidance of doubt, to the extent such data are arranged or placed on a physical medium in a manner described with particularity by the mandatory parts of the Specifications, "Licensed Content Product" includes such arrangement or placement, but excludes the physical medium.

1.56. "Licensed Product" means those portions of a product, other than a AACS Online Service, Evaluation AACS Online Service or Evaluation Licensed Product, manufactured under license from AACS LA and the Licensors pursuant to an Adopter Agreement that: (i) embody and comply with all requirements of all applicable Specifications; (ii) if shipped after the Certification Requirement Date and are not a Licensed Content Product, are an Acknowledged Product; (iii) meet all applicable Compliance Rules; and (iv) are designed for the playback and/or recording of Digital Entertainment Content. For the avoidance of doubt, "Licensed Product" includes: (x) a Licensed Content Product; and (y) those portions of data arranged or placed on a blank recordable physical media product in a manner described with particularity by the mandatory parts of the Specifications, but excludes the physical medium; in either case that meet the elements of the foregoing definition.

1.57. "Licensed Production/Test Tool" means those portions of a device or tool, whether hardware, software or a combination, which portions would otherwise meet the definition of Licensed Product or Licensed Component except that such device or tool (i) is used by a Fellow Adopter, or another party authorized to use it under an Approved License, exclusively in the production and/or testing of, and is not assembled into, Licensed Products and/or Licensed Components, (ii) is sold or otherwise distributed only to Fellow Adopters (including Licensed

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Content Producers) or any other party authorized to receive it under an Approved License, for the purpose set forth in (i), (iii) embodies a portion, but not all, of the requirements of one or more Specifications and/or which, by virtue of the fact that it is not a Licensed Product, does not by itself completely satisfy all of the Compliance Rules, and (iv) does not contain AACS Keys (other than AACS Public Keys), except to the extent and under the conditions authorized under an Approved License or to the extent that they are made and used for internal purposes only as authorized under an Adopter Agreement.

1.58. "Licensors" means Intel GF Inc., International Business Machines Corporation, Panasonic Intellectual Property Corporation of America, Microsoft Corporation, SCA IPLA Holdings, Inc. ("Sony"), Toshiba America Information Systems, Inc., Disney Technology Operations and Licensing, and Warner Bros. Entertainment Inc.

1.59. "Managed Copy" has the meaning set forth in the Compliance Rules.

1.60. "Media Key" means a cryptographic value calculated by processing a Media Key Block using Device Keys, or that is delivered to a Licensed Content Producer, along with the corresponding Media Key Block.

1.61. "Media Key Block" or "MKB" means the encrypted block of keys which is provided for use with AACS Technology and defined by the Specifications.

1.62. "Necessary Claims" means those claims of patents or patent applications as may issue that are necessarily infringed by Licensed Products, Robust Inactive Products, Licensed Components, Licensed Production/Test Tools, or AACS Online Services which implement a Specification. A claim in a patent (or patent application) is "necessarily infringed" if (i) the claim reads on the Specification and (ii) there are no alternatives for implementing the applicable portion(s) of the Specification that do not infringe such claim or any other claim of such patent (or such patent application as may issue). "Necessary Claims" shall not include any claims: (1) that read solely on any implementations of any portion of the Specification that are not within the bounds of the scope of use set forth in Section 2.4; (2) which, if licensed, would require a payment by the licensor to third parties that are not Affiliates of the licensor; (3) that relate to semiconductors and semiconductor manufacturing technology; or (4) that relate to aspects of any technology, standard or product that is not itself disclosed with particularity in the Specification (even though such technology, standard or product may otherwise be mentioned or required by the Specification), including claims: (i) that relate to aspects of any technology, codec, standard or product, including compression, encoding or decoding ability, tamper resistance, or other copy protection technologies; (ii) that relate to any technology that may be necessary to develop, design, manufacture, sell or use any product or portion thereof that complies with the Specification (examples of such technologies include, without limitation, Removable Storage Media technology -- including materials and materials-based methods that enable high data storage densities and/or distinguish genuine Removable Storage Media from counterfeit Removable Storage Media, relying, at least in part, on a determination of the material composition of such Removable Storage Media); (iii) that relate to commercially available applications, application programming interfaces and

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user interfaces, including the technology used to generate or display such user interfaces or interact with a user through such interfaces, programming languages, compiler technology, object-oriented technology, basic operating system technology, middleware technology, database technology, networking, intranet, extranet, web services and Internet technology; (iv) that relate to content formats; and (v) that relate to watermarking and data embedding technology.

1.63. "Online Transaction" has the meaning set forth in the Compliance Rules.

1.64. "Party" or "Parties" means a party or parties to this Agreement.

1.65. "Periodic Update" means the modification of a Licensed Product or Robust Inactive Product, including, when necessary, provision of or replacement of the Device Key Set, via means not unduly burdensome to the end user, such as download of updated software from a website, so that the implementation as modified is a Licensed Product and, when the Device Key Set has been replaced, only the new Device Key Set can be used to decrypt portions of a Media Key Block in order to calculate a Media Key. For the avoidance of doubt, and without limitation of any other provision of this Agreement (including without limitation the Compliance Rules), Activation shall be subject to the provisions of Section 7.7 of the Compliance Rules.

1.66. "Produced" shall mean (i) in the case of hardware, when the unit has been completed with respect to the production or assembly process; and (ii) in the case of software, when Adopter has finalized the software version of which the unit is a copy in a version ready for general release to consumers (often referred to as "release to manufacturing"), measured by the earliest date on which Adopter first duplicates such version for purposes of distribution, either by stamping it on Removable Storage Media (for retail or OEM distribution), or by loading it onto a server for distribution by electronic download (to OEMs, retailers or consumers). Adopter shall be allowed to make changes to software for the sole purpose of implementing security patches or bug fixes of failures to operate in accordance with pre-existing product specification without changing the date the modified software is considered Produced, provided that such modifications do not otherwise change or add to the functionality or the user interface provided by the software.

1.67. "Production Election Date" means the date upon which AACS LA confirms Adopter's election on Exhibit A, to become a production licensee pursuant to Section 2.3.

1.68. "Relatively Necessary Claim" means any claim of a patent or of a patent application that would be a Necessary Claim but for the existence of at least one implementation (of the relevant part of the Specification) that does not infringe such claim but which is commercially unreasonable in that such implementation or implementations would have a commercially significant adverse effect on performance manufacturability, or manufacturing cost, although the price charged by the implementer for such alternative implementation shall not be considered.

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1.69. "Removable Storage Media" means optical or other media that are designed primarily for transporting digital files between devices and that are removed in the ordinary course of consumer usage (*e.g.,* flash memory cards), and does not include other storage media that are generally considered to be fixed in ordinary consumer usage (*e.g.,* PC/laptop hard disk drives which are not meant to be removed when PC/laptop is running).

1.70. "Reseller Agreement" means an agreement between AACS LA, Licensors and an entity that is authorized thereunder to receive and redistribute Licensed Components, and which is called a Reseller Agreement by AACS LA.

1.71. "Robust Inactive Product" means those portions of a component or product, other than a AACS Online Service or Evaluation AACS Online Service, manufactured under license from AACS LA and the Licensors that embody a portion or all of the requirements of one or more Specifications and which meet one of the following sets of conditions:

1.71.1. such portions (i) must be Activated by the end user prior to using their functionality; (ii) do not contain a Device Key; (iii) are no less secure from circumvention (including but not limited to modification and /or compromise of Confidential and Highly Confidential Information) than a Licensed Product is required to be; and (iv) meet the Robustness Rules that would be applicable to those portions implemented in such component or product if they were implemented in a Licensed Product, except that portions of such component or product implemented in software object code may, alternatively, meet the requirements of (iii) and this subsection (iv) if they are encrypted using a strength of encryption that is equal to or greater than the cipher used for encryption of Digital Entertainment Content as specified in the Specifications, provided that the keys necessary to decrypt and use such portions are not made available other than by Adopter or its designee during Activation; or

1.71.2. such portions (i) are contained in a multi-purpose chip that has had its AACS Technology functions permanently disabled prior to shipment to a customer that did not elect to include such functions in its order; (ii) do not contain a Device Key, (iii) are no less secure from circumvention (including but not limited to modification and /or compromise of Confidential and Highly Confidential Information) than a Licensed Product is required to be; and (iv) meet the Robustness Rules that would be applicable to those portions implemented in such component or product if they were implemented in a Licensed Product.

1.71.3. such portions (i) must be Activated prior to using their functionality; (ii) contain a Device Key protected by silicon (or similar) circuitry or firmware using a method clearly designed to effectively frustrate attempts to expose such Device Key (*e.g.*, by using the values only inside a secure processor, and that effectively and uniquely associate such Device Key with a single device (such as by encrypting the values using a key that is unique to a single device); (iii) are no less

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secure from circumvention (including but not limited to modification and /or compromise of Confidential and Highly Confidential Information) than a Licensed Product is required to be; (iv) meet Section 7.2, 7.3, 7.4.1(b), 7.6, 7.7, and 7.13 of the Robustness Rules as though such provisions are applicable to such portion of component or product in addition to applying to Licensed Products generally; and (v) the keys necessary to decrypt and use such portions are not made available other than by Adopter or its designee to another Adopter for incorporation into the Licensed Product, Licensed Component or second Robust Inactive Product described in 1.10 (ii) above.

1.72. "Robustness Rules" means the requirements designated as such in the Compliance Rules set forth in Exhibit F hereto, as may be amended by AACS LA from time to time.

1.73. "Self-Certification Eligible" means, with respect to a particular Test Criteria, that Adopter has previously received an Acknowledgement of Compliance Testing based on Compliance Testing by an Authorized Certification Entity of an Adopter Test Unit to which such Test Criteria was applicable, provided that (i) Adopter has not, since receiving such Acknowledgement of Compliance Testing, become ineligible under Section 3.1.2.2 and (ii) a change to such Test Criteria has not become effective under Section 3.2.3.

1.74. "Sequence Keys" has the meaning set forth in the Specifications.

1.75. "Shared Device Keys" has the meaning set forth in the Compliance Rules.

1.76. "Specification" or "Specifications" means one or more Books, all of which together constitute the "Advanced Access Content System Specifications."

1.77. "Test Criteria" means the criteria, test plan, and associated tools (*e.g.*, test disks) for testing Test Units that are published by AACS LA and designated as such pursuant to this Agreement, as may be changed by AACS LA from time to time consistent with Section 3.2.3.

1.78. "Test Unit" means a particular unit of a product designed to be a Licensed Product that undergoes Compliance Testing pursuant to Sections 3.1.1 or 3.1.2.

1.79. "Third Party Beneficiary" means an entity or person entitled to bring or join a Third Party Beneficiary Claim pursuant to Sections 9.6, 9.7, 9.8 or 9.10.

1.80. "Third Party Beneficiary Claim" means a claim brought pursuant to Sections 9.6, 9.7 or 9.8.

1.81. "Verance" means Verance Corporation, a Delaware corporation with its principal place of business in San Diego, California.

1.82. "Watermark Screening Obligations" means the Watermark Requirements (as defined in the Compliance Rules) applicable to Adopter and the Robustness Rules as applicable to the implementation of such Watermark Requirements.

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2. LICENSES GRANTED

2.1. Generally. Adopter may enter into the evaluation licenses set forth in Section 2.2, the production licenses set forth in Section 2.3, or both. Adopter shall elect either or both of the licenses by their selection on Exhibit A upon execution of this Agreement, and by payment of the appropriate fees per Exhibit B. Adopter electing one license upon execution may enter a second by submitting a revised Exhibit A, and by payment of the appropriate fees per Exhibit B. Adopter's license rights under this Agreement are expressly limited to those set forth in Section 2.2 and/or Section 2.3 as elected, as limited by Section 2.4. To the extent that a provision of this Agreement is applicable to Adopter licensed only under Section 2.2 or Section 2.3, such applicability is specifically indicated in the relevant provision.

2.2. Evaluation Licenses. Upon execution of this Agreement, and an election by Adopter to become an evaluation licensee on Exhibit A:

2.2.1. Evaluation Patent Licenses. Each Licensor grants, and shall cause its Affiliates (if any) that have the right to license any Necessary Claims to grant, to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable, worldwide license under its or their respective Necessary Claims to use the Specifications and the Evaluation Keys to make and have made (including have designed and have developed by third parties under contract with Adopter for the sole account of Adopter) and use (i) Evaluation Licensed Components, Evaluation Licensed Products and Licensed Production/Test Tools for the sole purpose of designing, developing, evaluating and testing such Evaluation Licensed Components and Evaluation Licensed Products and (ii) Evaluation AACS Online Services for the sole purpose of designing, developing, evaluating and testing, such Evaluation AACS Online Services, provided that Adopter may not use such Evaluation AACS Online Service in a production environment under this Agreement.

2.2.1.1. Defensive Suspension. If Executing Entity or any of its Affiliates (whether identified on an election pursuant to Section 11.11 or not) (i) initiates or becomes an adverse party to a legal action against a Licensor (or its Affiliate(s)) for patent infringement involving an Evaluation Licensed Component, Evaluation Licensed Product, Licensed Component, Robust Inactive Product, Licensed Product, Licensed Production/Test Tool, Evaluation AACS Online Service, or AACS Online Service based on a Necessary Claim or a Relatively Necessary Claim of Executing Entity or its Affiliate or (ii) breaches Section 2.6.5, such Licensor alone or with some or all of its Affiliates, at Licensor's option, may suspend its or their licenses under this Section 2.2 with respect to Executing Entity and its Affiliates, provided that if such cause of action relates to a Relatively Necessary Claim, such Licensor and its Affiliates must first indicate in writing their willingness to license their

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Relatively Necessary Claims to Executing Entity and its Affiliates under reasonable and non-discriminatory license terms for any Evaluation Licensed Component, Evaluation Licensed Product, Evaluation AACS Online Service, Licensed Component, Robust Inactive Product, Licensed Product, or Licensed Production/Test Tool, made, have made, used, offered for sale, sold or imported by such Executing Entity or its Affiliates in a manner consistent with this Agreement at or prior to the time of the legal action.

2.2.2. Evaluation Trade Secret and Copyright License. AACS LA grants to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable, worldwide license under those trade secrets and copyrights embodied in the Specifications and Evaluation Keys, to use, reproduce, modify, display, perform and distribute them internally (or to a subcontractor pursuant to Section 2.2.3) for the sole purpose of designing, developing, evaluating and testing (including having designed, developed, evaluated or tested by third parties under contract with Adopter for the sole account of Adopter) Evaluation Licensed Components, Evaluation Licensed Products, Licensed Production/Test Tools and Evaluation AACS Online Services.

2.2.2.1. Defensive Suspension. If Executing Entity or any of its Affiliates (whether identified pursuant to Section 11.11 or not) (i) initiates or becomes an adverse party to a legal action against AACS LA for infringement of Necessary Claims, Relatively Necessary Claims, copyrights or trade secrets of Executing Entity or its Affiliate with respect to the Specifications or (ii) breaches Section 2.6.5, AACS LA, at AACS LA's option, may suspend the foregoing license with respect to Executing Entity and its Affiliates.

2.2.3. Have Made Activities. Pursuant to the licenses set forth in Sections 2.2.1 and 2.2.2, Adopter may provide a subcontractor with AACS Technology or Specifications only under terms of a separate agreement, setting forth the terms of this Section 2.2 as it applies to subcontractors, the applicable confidentiality obligations and other terms relating to subcontractor use, such as but not limited to Section 2.4 and Section 2.5, for the subcontractor's design, development and testing of Evaluation Licensed Components, Evaluation Licensed Products, Licensed Production/Test Tools or Evaluation AACS Online Services solely for the account of Adopter, provided that Adopter and such contractor also have a binding agreement that provides for the assignment to Adopter of all Necessary Claims and Relatively Necessary Claims to inventions arising in the course of such design, development and testing. In the event an Adopter subcontractor receives Highly Confidential Information (including a Licensed Production/Test Tool containing any of those AACS Keys listed on Appendix 1 of the Compliance Rules), such receipt shall be pursuant to Section 6.3.2. The have made licenses under Sections 2.2.1 and

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2.2.2, above (i) shall only apply to Evaluation Licensed Products, Evaluation Licensed Components, Licensed Production/Test Tools and Evaluation AACS Online Services provided to Adopter by a subcontractor for which the designs were created for Adopter after execution of this Agreement and an election by Adopter to become an evaluation licensee on Exhibit A; and (ii) shall not apply to any products or components in the form manufactured or marketed by said subcontractor or any methods used by said subcontractor prior to execution of this Agreement and an election by Adopter to become a production licensee on Exhibit A. If such subcontractor directly or indirectly initiates or becomes party to a legal action against a Licensor (or its Affiliate(s)) for patent infringement involving (x) an Evaluation Licensed Component, Evaluation Licensed Product, Licensed Component, Licensed Production/Test Tool, Robust Inactive Product or Licensed Product or Evaluation AACS Online Service based on a Necessary Claim or Relatively Necessary Claim of such subcontractor or (y) any of the activities described in Section 2.6.5, such Licensor alone or with some or all of its Affiliates, at Licensor's option, may suspend Adopter's have made licenses with respect to such subcontractor. If such subcontractor initiates or becomes an adverse party to a legal action against AACS LA for infringement of copyrights or trade secrets of such subcontractor with respect to the Specifications, or patent infringement involving a Necessary Claim or Relatively Necessary Claim of such subcontractor, AACS LA, at its option, may suspend Adopter's have made licenses from AACS LA with respect to such subcontractor.

2.2.4. <u>Distribution Limitations</u>. Except as set forth herein, Adopter may not sell, transfer, distribute or otherwise dispose of Evaluation Licensed Components or Evaluation Licensed Products or Evaluation AACS Online Services to any third party (without prejudice to the rights set forth in Section 2.2.3 or except as otherwise approved by AACS LA), without making an election on Exhibit A to obtain a production license as set forth in Section 2.3, below. Adopter may not, under this Agreement, sell, transfer, distribute or otherwise dispose of Licensed Production/Test Tools to any third party (without prejudice to the rights set forth in Section 2.2.3).

2.3. <u>Production Licenses</u>. Upon execution of this Agreement, and an election by Adopter to become a production licensee on Exhibit A:

2.3.1. <u>Production Patent Licenses</u>. Each Licensor grants, and shall cause its Affiliates, if any, that have the right to license any Necessary Claims to grant, to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable worldwide license under its or their respective Necessary Claims to use the Specifications and AACS Keys to make, have made (under contract with Adopter pursuant to Adopter's design and for the sole account of Adopter, subject to Sections 6.2.2 and 6.3.2) use, offer to sell, sell and import, Licensed Components, Robust Inactive Products, Licensed Products and Licensed Production/Test Tools, provided however that

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Licensed Production/Test Tools shall not be offered for sale, sold, distributed or otherwise transferred to any party other than a have made party for use in producing Licensed Components, Evaluation Licensed Components, Robust Inactive Products, Licensed Products, Licensed Production/Test Tools, or Evaluation AACS Online Services for the sole account of Adopter and provided however, that Licensed Components shall not be offered for sale, sold, distributed or otherwise transferred other than (i) in a manner consistent with Section 2.3.4; (ii) to Fellow Adopters, for testing or incorporation into Licensed Products; (iii) to Authorized Resellers to be identified by AACS LA pursuant to Section 6.8 solely for resale and/or redistribution in accordance with the terms and conditions of the Reseller Agreement; (iv) to a Content Participant or Content Provider for testing or (v) to an end user in the course of a Periodic Update.

2.3.1.1. Defensive Suspension. If Executing Entity or its Affiliate: (i) initiates or becomes an adverse party to a legal action against a Licensor (or its Affiliate(s)) for patent infringement involving an Evaluation Licensed Component, Evaluation Licensed Product, Licensed Component, Licensed Production/Test Tools, Robust Inactive Product, Licensed Product, Evaluation AACS Online Service or AACS Online Service based on a Necessary Claim or a Relatively Necessary Claim of Executing Entity or its Affiliate; or (ii) breaches Section 2.6.5: then such Licensor alone or with some or all of its Affiliates, at Licensor's option, may suspend its or their license and covenant under this Section 2.3.1 with respect to Executing Entity and its Affiliates, provided that if such cause of action relates to a Relatively Necessary Claim, such Licensor and its Affiliates must first indicate in writing their willingness to license their Relatively Necessary Claims to Executing Entity and its Affiliates under reasonable and non-discriminatory license terms for any Evaluation Licensed Component, Evaluation Licensed Product, Evaluation AACS Online Services, Licensed Component, Licensed Production/Test Tools, Robust Inactive Product, or Licensed Product made, have made, used, offered for sale, sold or imported by Executing Entity or its Affiliates in a manner consistent with this Agreement at or prior to the time of the legal action.

2.3.1.2. Limited Non Assertion by Licensors Against Adopter. Each Licensor hereby covenants not to assert its Necessary Claims, and to cause its Affiliates, if any, that have the right to assert any Necessary Claims not to assert such Necessary Claims, against Adopter for the use of the Specifications and AACS Keys to make, have made (under contract with Adopter pursuant to Adopter's design and for the sole account of Adopter, subject to Sections 6.2.2 and 6.3.2) use, offer to sell, sell and import, products that would be Licensed Products but for a failure to comply with the

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Compliance Rules, unless and until this Agreement is terminated by AACS LA pursuant to Section 7.1.4. Notwithstanding the foregoing, the Licensors may suspend the foregoing non-assertion covenant in the circumstances set forth in the defensive suspension provisions of Sections 2.2.1.1, 2.3.1.1 and 2.3.3.

2.3.2. <u>Production Trade Secret and Copyright License</u>. AACS LA grants to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable, worldwide license under those trade secrets and copyrights embodied in the Specifications and AACS Keys to (i) reproduce, modify, display and distribute the Specifications internally (or to a subcontractor pursuant to Section 2.3.3) and (ii) use, reproduce, modify, distribute, display, perform or otherwise transfer Licensed Products, Robust Inactive Products Licensed Components and/or Licensed Production/Test Tools; provided however, that Licensed Production/Test Tools shall not be offered for sale, sold, distributed or otherwise transferred to any party other than a have made party for use in producing Licensed Components, Evaluation Licensed Components, Robust Inactive Products, Licensed Products, Licensed Production/Test Tools, or Evaluation AACS Online Services for the sole account of Adopter and provided, however that Licensed Components shall not be offered for sale, sold, distributed or otherwise transferred other than (i) in a manner consistent with Section 2.3.4; or (ii) to Fellow Adopters for incorporation into Licensed Products; or (iii) to Authorized Resellers to be identified by AACS LA pursuant to Section 6.8 solely for resale and/or redistribution in accordance with the terms and conditions of the Reseller Agreement; or (iv) to an end user in the course of a Periodic Update.

2.3.3. <u>Defensive Suspension</u>. If Executing Entity or its Affiliate (i) initiates or becomes an adverse party to a legal action against AACS LA for patent infringement involving a Necessary Claim or Relatively Necessary Claim or infringement of copyrights or trade secrets of Executing Entity or its Affiliate contained in the Specifications or (ii) breaches Section 2.6.5, AACS LA, at AACS LA's option, may suspend the foregoing license with respect to Executing Entity and its Affiliates.

2.3.4. <u>Have Made Activities</u>. Pursuant to the licenses set forth in Sections 2.3.1 and 2.3.2, Adopter may provide a subcontractor with AACS Technology or Specifications only under terms of a separate agreement, setting forth the terms of this Section 2.3 as it applies to subcontractors, the applicable confidentiality obligations and other terms relating to subcontractor use, such as but not limited to Section 2.4 and Section 2.5, for the subcontractor's production of Licensed Components, Robust Inactive Products Licensed Products, or Licensed Production/Test Tools solely for the account of Adopter. In the event an Adopter subcontractor receives Highly Confidential Information (including a Licensed Production/Test Tool containing

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any of those AACS Keys listed on Appendix 1 of the Compliance Rules), such receipt shall be pursuant to Section 6.3.2. The right of Adopter under Sections 2.3.1 and 2.3.2 to have made Licensed Components, Licensed Products Robust Inactive Products and Licensed Production/Test Tools (i) shall only apply to Licensed Components, Licensed Products Robust Inactive Products and Licensed Production/Test Tools made for Adopter after this Agreement is entered into and Adopter makes an election to become a production licensee on Exhibit A, and for which the designs were created by Adopter (either solely or jointly with one or more third parties) or for the licensed Adopter; and (ii) shall not apply to any products or components in the form manufactured or marketed by said have made manufacturer or any methods used by said have made manufacturer prior to Adopter's furnishing of said designs. If a have made manufacturer directly or indirectly initiates or becomes party to a legal action against a Licensor (or its Affiliate(s)) for patent infringement involving a Necessary Claim or Relatively Necessary Claim of such manufacturer, such Licensor alone or with some or all of its Affiliates, at Licensor's option, may suspend Adopter's have made licenses with respect to such manufacturer under this Section 2.3. If such have made manufacturer initiates or becomes an adverse party to a legal action against AACS LA for copyright or trade secret infringement or patent infringement involving an Evaluation Licensed Component, Evaluation Licensed Product, Licensed Component, Licensed Production/Test Tool, Robust Inactive Product or Licensed Product or Evaluation AACS Online Service or AACS Online Service based on a Necessary Claim or Relatively Necessary Claim of such subcontractor, AACS LA, at its option, may suspend Adopter's have made licenses from AACS LA with respect to such subcontractor.

2.3.5. Distribution of Robust Inactive Products. Notwithstanding anything in Sections 2.3.1 and 2.3.2 to the contrary, Licensed Components that are Robust Inactive Products may be furnished by Adopter to persons other than Fellow Adopters or Authorized Resellers.

2.3.6. Transfer of Evaluation Products for Testing. Each Licensor grants, and shall cause its Affiliates (if any) that have the right to license any Necessary Claims to grant, to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable, worldwide license under its or their respective Necessary Claims to transfer Evaluation Licensed Components, Evaluation Licensed Products and Evaluation AACS Online Services to a Fellow Adopter, Content Participant or Content Provider solely for purposes of evaluation or testing. AACS LA grants to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable, worldwide license under those trade secrets and copyrights embodied in the Specifications and Evaluation Keys to Adopter a nonexclusive, nontransferable (except as provided in Section 11.4), nonsublicensable, revocable, worldwide license under its or their respective Necessary Claims to transfer Evaluation Licensed Components, Evaluation Licensed Products and Evaluation

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AACS Online Services to a Fellow Adopter, Content Participant or Content Provider solely for purposes of evaluation or testing.

2.4. Scope of Use. The licenses under Sections 2.2 and 2.3 and the non-assertion covenants under Sections 2.6.1, 2.6.3, 2.6.6 and 2.6.7 shall extend only to the use of AACS Technology for the protection of Digital Entertainment Content in compliance with the Specifications and Compliance Rules, only in Evaluation Licensed Products, Evaluation Licensed Components, Licensed Components, Robust Inactive Products, Licensed Products, Licensed Production/Test Tools and/or Evaluation AACS Online Services in each case which implement AACS Technology and Specifications solely to the extent disclosed with particularity in the Specifications, and, in the case of such non-assertion covenants, in Evaluation AACS Online Services solely to the extent disclosed with particularity in the Specifications; and exclude the use of AACS Technology and/or Specifications in any portion of any product and any combinations thereof, or for any purpose or function, that is not required by the implementation (including testing the implementation) of mandatory parts of the Specifications. For the avoidance of doubt, neither the licenses granted under Sections 2.2 and 2.3 nor the non-assertion covenants under Sections 2.6.1 and 2.6.3 extend to any Digital Entertainment Content contained in a Licensed Content Product. For purposes of this Agreement, the "mandatory parts of the Specifications" include such parts of the Specifications that are required to be implemented for any particular feature or functionality described in the Specifications. For the avoidance of doubt, (i) if Adopter is not required to implement a particular feature or functionality, but is required to do so in a particular manner if Adopter chooses to provide such feature or functionality, then the description of how that feature or functionality must be implemented is a "mandatory part"; and (ii) where Adopter is required to choose to implement one or more among two or more parts of the Specification in order to provide a given feature or functionality, each part that Adopter is required to choose among is a mandatory part.

2.5. Proper Use. This Agreement authorizes Adopter to use AACS Technology, the Specifications, Confidential Information and/or Highly Confidential Information (collectively, the "Licensed Materials") only in accordance with the terms of this Agreement, and Adopter shall not use the Licensed Materials, or any mentally retained recollections of the Licensed Materials to (or assist others to) design, test, produce, sell or otherwise transfer or distribute devices or software, where such devices or software are designed to circumvent the requirements or effectiveness of the Specifications or Compliance Rules. For purposes of clarity, if a device or software is not designed to circumvent the Specifications or Compliance Rules or the effectiveness thereof, and contains a Robust Inactive Product, Licensed Component or Licensed Product when shipped, and it subsequently becomes apparent that the device or software may be used to circumvent the Specification or Compliance Rules, or the effectiveness thereof then the Robust Inactive Product, Licensed Component or Licensed Product contained in such device or software shall remain licensed under Section 2.3, subject to compliance with the provisions of Part 2, Section 7.13 of the Compliance Rules for Audiovisual Works on Optical Disks, and all other applicable requirements of the Agreement.

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2.6.   Non-Assertion Covenants. For the avoidance of doubt, any non-assertion covenant in this Section 2.6 shall continue to apply to any allegedly infringing actions taken by a party to an Approved License while such Approved License was in force, even after such Approved License expires or is terminated for any reason, unless and until the conditions for defensive suspension of such covenant not to assert are met.

2.6.1.   Non-Assertion Against Fellow Adopters. From and after the Production Election Date, Executing Entity hereby covenants that it shall not assert or maintain, and shall cause each of its Affiliates not to assert or maintain, any claim of infringement of its, or their respective, Necessary Claims or its, or their respective, copyrights and trade secrets in the Specifications, AACS Keys and Evaluation Keys:

(i) against Fellow Adopters, and any entities with which a Fellow Adopter contracts to make or design products in accordance with such Fellow Adopter's Adopter Agreement solely with respect to such entities' activities under such contract with a Fellow Adopter, for reproducing, modifying, displaying, performing, distributing internally, making, having made (solely with respect to Fellow Adopters), having designed (solely with respect to Fellow Adopters) and using Evaluation Licensed Components, Evaluation Licensed Products and Evaluation AACS Online Services, and using Licensed Production/Test Tools, for the sole purpose of designing, developing, evaluating and testing (including having designed, developed, evaluated or tested by third parties under contract to such Fellow Adopters for the sole account of such Fellow Adopters) such Evaluation Licensed Products and Evaluation Licensed Components and Evaluation AACS Online Services;

(ii) against Fellow Adopters and any entities with which a Fellow Adopter contracts to make or design products in accordance with Fellow Adopter's Adopter Agreement for reproducing, modifying, distributing, displaying, performing, or otherwise transferring, making, having made (solely with respect to Fellow Adopters), having designed (solely with respect to Fellow Adopters) using, offering to sell, selling, and importing Licensed Components, Robust Inactive Products and Licensed Products, and using Licensed Production/Test Tools to design, develop, evaluate, test and produce Licensed Components, Robust Inactive Products and Licensed Products;

(iii) against Fellow Adopters and any entities with which a Fellow Adopter contracts to make or design products in accordance with Fellow Adopter's Adopter Agreement for transferring Evaluation Licensed Components, Evaluation Licensed Products and Evaluation AACS Online Services to a Fellow Adopter, Content Participant or Content Provider solely for purposes of evaluation or testing;

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(iv) against Fellow Adopters' direct and indirect vendors, resellers, distributors, or other persons or entities in the chain of distribution for distributing, displaying, performing or otherwise transferring, using, offering to sell, selling and importing Licensed Components, Robust Inactive Products and Licensed Products; or

(v) end users for the using of Licensed Components, Robust Inactive Products and Licensed Products,

provided however, that such covenant not to assert shall, in the case of Licensed Components, extend only to Licensed Components offered for sale, sold, distributed or otherwise transferred (w) in a manner consistent with Section 2.3.4; or (x) to Fellow Adopters for incorporation into Licensed Products; or (y) to Authorized Resellers to be identified by AACS LA pursuant to Section 6.8 solely for resale and/or redistribution in accordance with the terms and conditions of the Reseller Agreement; or (z) to an end user in the course of a Periodic Update. Notwithstanding the foregoing, if Adopter is also a Licensor, this Section 2.6.1 shall not apply unless and until Licensor and/or its Affiliate withdraws from the ACMS LA Founders Agreement, effective February 20, 2004.

2.6.2. Defensive Suspension. If a Fellow Adopter (for the avoidance of doubt, including any Affiliate included therein) initiates or becomes an adverse party to a legal action against Executing Entity or its Affiliate(s) for patent infringement involving an Evaluation Licensed Component, Licensed Production/Test Tool, Evaluation Licensed Product, Licensed Component, Robust Inactive Product or Licensed Product or Evaluation AACS Online Service based on a Necessary Claim of such Fellow Adopter, Executing Entity alone or with some or all of its Affiliates, at Executing Entity's option, may suspend its or their covenant not to assert under Section 2.6.1 with respect to such Fellow Adopter. If a have made manufacturer directly or indirectly initiates or becomes party to a legal action against Executing Entity or its Affiliate for patent infringement involving a Necessary Claim of such manufacturer, Executing Entity alone or with some or all of its Affiliates, at Executing Entity's option, may suspend its or their covenant not to assert under Section 2.6.1 with respect to such have made manufacturer.

2.6.3. Non-Assertion Against Content Participants and Content Providers. From and after the Production Election Date, Executing Entity hereby covenants that it shall not assert or maintain, and shall cause each of its Affiliates not to assert or maintain:

(I) any claim of infringement of its, or their, respective Necessary Claims:

(a) against Content Participants or Content Providers (or their have made parties solely with respect to such

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entities' activities under such contract with a Content Participant or Content Provider) for

(i) making or having made (only to the extent of duplicating of Licensed Content Products on Removable Storage Media, or having duplicated on Removable Storage Media, for the sole account of such Content Participant or Content Provider and in the case of a downloadable Licensed Content Product, downloading or having downloaded such Licensed Content Product for the sole account of such Content Participant or Content Provider), using, selling, offering to sell and importing Licensed Content Products;

(ii) making or having made (including having designed and having developed by third parties for the sole account of Content Participant or Content Provider, as applicable) Evaluation Licensed Content Products and Licensed Production/Test Tools or using Licensed Production/Test Tools to design, develop, evaluate, test and produce Evaluation Licensed Content Products and Evaluation AACS Online Services and to design, develop evaluate and test Licensed Content Products;

(iii) for transferring Evaluation Licensed Products and Evaluation AACS Online Services to a Fellow Adopter, Content Participant or Content Provider solely for purposes of evaluation or testing;

(b) against a Content Participant or Content Provider or a Content Participant's or Content Provider's direct and indirect vendors, resellers, distributors, or other persons or entities in the chain of distribution for distributing, displaying, performing or otherwise transferring, using, offering to sell, selling and importing Licensed Content Products; or

(c) against end users for the using of Licensed Content Products; or

(II) any claim of infringement of those trade secrets and copyrights embodied in the Specifications, AACS Keys and Evaluation Keys against Content Participants or Content Providers for

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(a) using, reproducing, modifying, displaying, or distributing them internally for the sole purpose of designing, developing, evaluating and testing Evaluation Licensed Content Products and Licensed Production/Test Tools or using Licensed Production/Test Tools to design, develop, evaluate, test and produce Evaluation Licensed Content Products and design, develop, evaluate and test Licensed Content Products;

(b) using, reproducing, modifying or displaying the Specifications internally;

(c) using, reproducing, modifying, distributing, displaying, or performing or otherwise transferring (i) Licensed Content Products or (ii) Evaluation Licensed Content Products or Evaluation AACS Online Services solely for purposes of evaluation or testing; or

(d) using, reproducing, modifying, displaying or performing Licensed Production/Test Tools to design, develop, evaluate, test and produce Evaluation Licensed Content Products or Evaluation AACS Online Services or to design, develop, evaluate and test Licensed Content Products.

If a Content Participant or Content Provider (for the avoidance of doubt, including any Affiliate included therein) initiates or becomes an adverse party to a legal action against Executing Entity or its Affiliate(s) for patent infringement involving an Evaluation Licensed Component, Evaluation Licensed Product, Licensed Component, Robust Inactive Product, Evaluation AACS Online Service, Licensed Production/Test Tools, or Licensed Product based on a Necessary Claim of such Content Participant or its Affiliate, Executing Entity alone or with some or all of its Affiliates, at Executing Entity's option, may suspend its or their covenant not to assert under this Section 2.6.3 with respect to such Content Participant or Content Provider.

If a Have Made Entity directly or indirectly initiates or becomes party to a legal action against Executing Entity or its Affiliate for patent infringement involving a Necessary Claim of such entity, Executing Entity alone or with some or all of its Affiliates, at Executing Entity's option, may suspend its or their covenant not to assert under this section with respect to such Have Made Entity.

Notwithstanding the foregoing, if Adopter is also a Licensor, this Section 2.6.3 shall not apply unless and until Licensor and/or its Affiliate withdraws from the ACMS LA Founders Agreement, effective February 20, 2004.

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2.6.4.   Acceptance of Non-Assertion Covenants. Adopter hereby accepts the agreements of Fellow Adopters, Content Participants and Content Providers not to assert or maintain any claim of infringement under provisions equivalent to Sections 2.6.1 and 2.6.3 in their respective Adopter Agreements, Content Participant Agreements and Content Provider Agreements. This section applies whether another entity has become a Fellow Adopter or Content Participant or Content Provider before or after Adopter signs this Agreement.

2.6.5.   Non-Assertion Against Licensors and AACS LA. Executing Entity hereby covenants not to assert or maintain, and shall cause each of its Affiliates not to assert or maintain, against Licensors or AACS LA and Affiliates thereof any claim of infringement under Executing Entity's or its Affiliates' patents, patent applications, trade secrets or copyrights for the operation of the key generation facility and the provision of Evaluation Keys, AACS Keys, the operation of a service to make available offers for or authorize Managed Copies on behalf of Content Participants and Content Providers, and other services necessary to the administration of the Approved Licenses and the distribution and licensing of the Specifications and AACS Technology pursuant to such Approved Licenses.

2.6.6.   Non-Assertion and Defensive Suspension as to AACS Online Service Providers. From and after the Production Election Date, Executing Entity hereby covenants that it shall not assert or maintain, and shall cause each of its Affiliates not to assert or maintain, any claim of infringement of its, or their respective, Necessary Claims or its, or their respective, copyrights and trade secrets in the Specifications and AACS Keys against any AACS Online Service Provider for the operation of a service, or use of Licensed Production/Test Tools in relation to the development and operation of a service, to make available offers for or authorize Managed Copies on behalf of Content Participants and Content Providers. If a AACS Online Service Provider initiates or becomes an adverse party to a legal action against Executing Entity or its Affiliate(s) for patent infringement involving an Evaluation Licensed Component, Licensed Production/Test Tool, Evaluation Licensed Product, Licensed Component, Robust Inactive Product or Licensed Product or Evaluation AACS Online Service based on a Necessary Claim of such AACS Online Service Provider or its respective Affiliate, Executing Entity alone or with some or all of its Affiliates, at Executing Entity's option, may suspend its or their covenant not to assert under this Section 2.6.6 with respect to such AACS Online Service Provider.

2.6.7.   Non-Assertion and Defensive Suspension as to Licensed Production/Test Tools. From and after the Production Election Date, Executing Entity hereby covenants that it shall not assert or maintain, and shall cause each of its Affiliates not to assert or maintain, any claim of infringement of its, or their respective, Necessary Claims or its, or their respective, copyrights and trade secrets in the Specifications and AACS Keys against any party for making, having

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made, using, offering to sell, selling and importing Licensed Production/Test Tools to the extent that such party (a "<u>Tool Licensee</u>") is licensed to do so by the Licensors and AACS LA under an Approved License. If a Tool Licensee initiates or becomes an adverse party to a legal action against Executing Entity or its Affiliate(s) for patent infringement involving an Evaluation Licensed Component, Licensed Production/Test Tool, Evaluation Licensed Product, Licensed Component, Robust Inactive Product or Licensed Product or Evaluation AACS Online Service based on a Necessary Claim of such Tool Licensee or its Affiliate, Executing Entity alone or with some or all of its Affiliates, at Executing Entity's option, may suspend its or their covenant not to assert under this Section 2.6.7 with respect to such Tool Licensee and its Affiliates.

2.7. <u>Affiliates</u>. Executing Entity represents that it has and covenants that it will have the authority to bind its Affiliates to the terms and conditions of this Agreement.

2.8. <u>Minority Interests</u>. When two or more AACS Founders, Fellow Adopters, Content Providers, Content Participants and/or AACS Online Service Providers each have an ownership interest in a third party, where and only so long as each such Founder, Fellow Adopter, Content Participant, Content Provider and/or AACS Online Service Provider owns a voting interest in ownership interests or securities of at least 20% and in aggregate between them own a voting interest in ownership interests or securities of more than 50%, then each such Founder, Fellow Adopter, Content Participant, Content Provider and/or AACS Online Service Provider (a "<u>Joint Owner</u>") shall be considered a Joint Owner of such third party (a "<u>Jointly Owned Party</u>").

Each Joint Owner, with respect to a Jointly Owned Party, shall have the following obligations:

   2.8.1. In the event that a Jointly Owned Party does not offer a patent license under reasonable and non-discriminatory terms (for avoidance of doubt, such terms need not be the same as the terms of an AACS Approved License to be considered reasonable and non-discriminatory) to a requesting Fellow Adopter, Content Provider, Content Participant or AACS Online Service Provider for the purpose of implementing AACS Technology in Licensed Products, Robust Inactive Products, Licensed Components or AACS Online Services or using AACS Technology in Licensed Production/Test Tools, or to a requesting Founder or AACS LA itself for the purpose of licensing the AACS Technology, operating the AACS key generation facility or operating an AACS Online Service, under patent claims of the Jointly Owned Party that would (if such patent claims were owned by the Joint Owner) be within the scope of the non-assertion provisions of such a Joint Owner's agreement with AACS LA, or in the event that a Jointly Owned Party files for or is granted injunctive relief against AACS LA or a Founder, Fellow Adopter, Content Provider or Content Participant ("<u>Requesting Party</u>") for, as is applicable, the license of AACS Technology or the operation of the AACS key generation facility or the implementation of AACS Technology in Licensed

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Products, Robust Inactive Products, Licensed Components or AACS Online Services or the use of AACS Technology in Licensed Production/Test Tools, such Requesting Party may request the assistance of a Joint Owner, who shall, upon receipt of such a request, use reasonable efforts to facilitate communication among the Jointly Owned Party and the Requesting Party.

2.8.2. This provision shall not require any Founder, Fellow Adopter, Content Participant, Content Provider and/or AACS Online Service Provider to take any action to influence or affect the management or Board of Directors of any Jointly Owned Party outside of its obligation to use reasonable efforts to facilitate the establishment of communications between the Jointly Owned Party and the Requesting Party as contemplated in this Section 2.8.

2.9. Representation and Warranty of Non-Avoidance. Adopter warrants and represents that , neither during the term of its Interim License (if any) nor in anticipation of its entry into this Agreement (including concurrently with the entry of this Agreement), it has not transferred any ownership or sublicensing interests in any of its patents that fall within the scope of the patent non-assertion obligations of its agreement with AACS LA, nor will it do so at any time in the future, into an entity that then or subsequently becomes or became a Jointly Owned Party for the purpose of avoiding the patent non-assertion obligations in its agreements with AACS LA. All parties to Approved Licenses that would benefit from Adopter's non-assertion obligations are intended beneficiaries of this provision.

2.10. Transfers of Ownership of Patents. Adopter shall, in the event it transfers any ownership or sublicensing authority of or for any patent that is subject to its non-assertion obligation under any agreement with AACS LA, require that the transferee of such an ownership or sublicensing right be bound to the non-assertion obligations associated with such transferred patents as if it were Adopter. The transferor of such rights shall obligate the transferee to obligate any subsequent transferee(s) to this provision. All parties to Approved Licenses that would benefit from Adopter's non-assertion obligations are intended beneficiaries of this provision.

3. ADDITIONAL ADOPTER REQUIREMENTS

3.0 Compliance With Specifications and Compliance Rules. Adopter agrees that when it makes or has made for sale or distribution, or, post-distribution, modifies or directs the modification of, a product that uses and implements AACS Technology for playback, copying and/or recording of AACS Content (including associated Online Transactions described in the Specifications), or incorporates AACS Keys into a product, such product shall (i) implement only the latest version of any Book available for licensing from AACS LA as of the Effective Date or such later version as required under Section 4.2 of this Agreement (except as permitted under Section 4.3), and (ii) comply with such Specifications and the Compliance Rules (including changes as provided under Section 4.2) as applicable depending on whether the product is designed or represented by Adopter to be a Licensed Product (including a Licensed Product as modified by a

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Periodic Update), Licensed Component, Robust Inactive Product or Licensed Production/Test Tool.

3.1.   Certification Required. AACS LA shall provide notice promptly to Adopter of the anticipated commencement date of Compliance Testing by an Authorized Certification Entity. Except as provided herein for then- currently shipping Implementations, Adopter may not, after the Certification Requirement Date, sell or distribute a Licensed Product to the public, or cause a Licensed Product to be sold or distributed to the public, including through the Activation of a Robust Inactive Product, unless and until such Licensed Product is an Acknowledged Product or is a Licensed Content Product, Adopter shall be required to commence Compliance Testing for then-currently shipping Implementations no later than thirty (30) days after receiving notice from AACS LA of the availability of an Authorized Certification Entity for Compliance Testing (such required date, the "Certification Requirement Date"). Adopter may continue to ship additional units of Implementations that were first shipped prior to the Certification Requirement Date, provided that if the Certification Entity notifies Adopter in writing that any such Implementation has failed the Compliance Testing, Adopter may seek arbitration in a manner consistent with Section 3.1.4, and if Adopter does not seek or loses such arbitration, shall promptly cease shipping such Implementation, or cease Activating Robust Inactive Products to become such Implementation until it passes Compliance Testing in accordance with the procedures set forth below. The procedures for obtaining an Acknowledgement of Compliance Testing shall be made available to Fellow Adopters by AACS LA.

3.1.1.   Subject to Section 3.1.2, Compliance Testing shall be performed by an Authorized Certification Entity, either at a test facility designated by the Authorized Certification Entity or at Adopter's facility. A completed Certification Questionnaire shall be submitted to the Authorized Certification Entity at the time of Compliance Testing.

3.1.2.   Adopter may, at its option, perform its own Compliance Testing on a Test Unit for those Test Criteria for which it is Self-Certification Eligible. Adopter shall submit the results of such Compliance Testing, along with its completed Certification Questionnaire, to the Authorized Certification Entity for confirmation, completion of Certification Testing for any remaining Test Criteria for which Adopter has not done its own Certification Testing, and issuance of an Acknowledgement of Compliance Testing if all applicable requirements are met.

3.1.2.1.   The Limited Safe Harbor provisions of Section 3.3 shall not apply to those aspects of an Acknowledged Product that are the subject of the Test Criteria for which Adopter has performed its own Compliance Testing in reliance on Section 3.1.2, but shall apply to those aspects of an Acknowledged Product that are the subject of the Test Criteria (if any) performed by the Authorized Certification Entity.

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3.1.2.2. If the results of Compliance Testing or the completed Certification Questionnaire submitted pursuant to this Section 3.1.2 are discovered to incorrectly indicate satisfaction of any required test or question, Adopter shall no longer be Self-Certification Eligible unless and until it again qualifies as Self-Certification Eligible under Section 1.73 based on newly-completed Compliance Testing by an Authorized Certification Entity.

3.1.2.3. If Adopter is Self-Certification Eligible with respect to all Test Criteria applicable to a given Test Unit except for a new Test Criteria that has become applicable pursuant to clause 3.2.3(iii), then Adopter must submit its Test Unit to an Authorized Certification Entity for testing under such new Test Criteria (which testing shall test all applicable Test Criteria that have not yet been tested by an Authorized Certification Entity) (an "Exception Event") unless Adopter has had a prior Exception Event within the last eighteen (18) months, in which case it shall be deemed Self-Certification Eligible as to such new Test Criteria for such Test Unit as well.

3.1.3. Upon successful completion of Compliance Testing and the Certification Questionnaire with respect to a particular Test Unit under Section 3.1.1 or 3.1.2, the Authorized Certification Entity shall issue an Acknowledgement of Compliance Testing to Adopter, and provide a copy of such Acknowledgement of Compliance Testing to AACS LA.

3.1.3.1. If an Acknowledgement of Compliance Testing is issued in error, due to the error of a third party Authorized Certification Entity, and the Test Unit does not meet the Compliance Rule(s) to which the erroneously applied Test Criteria relates, AACS LA shall give Adopter written notice of the error. Adopter shall have a commercially reasonable period to submit for certification, pursuant to Section 3.1.1, a Test Unit for each of its Implementations affected by the error, provided that such Test Unit(s) need only be retested for those Test Criteria affected by the error. Until such time has expired, the error shall not affect the validity of the previously received Acknowledgement of Compliance Testing, but thereafter AACS may rescind it.

3.1.3.1.1. Units of an Implementation distributed prior to receipt of such notice, in reliance on an Acknowledgement of Compliance Testing issued due to an error of a third party Authorized Certification entity, shall not lose the benefit of the Limited Safe Harbor of Section 3.3.

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3.1.3.1.2. Additional units of such Implementation distributed after receipt of such notice but prior to the expiration of such commercially reasonable re-testing period shall not lose the benefit of the Limited Safe Harbor of Section 3.3, provided that Adopter takes commercially reasonable steps, within a commercially reasonable time after receiving such notice, to correct, or mitigate in part if not commercially reasonable to correct in full, a failure to meet the Compliance Rules in such Implementation. Adopter may, at its option, consult with AACS LA as to what time frames for retesting and what steps, if any, are commercially reasonable within the meaning of this Section 3.1.3.1. If AACS LA, in its sole discretion, chooses following such consultation to provide Adopter with written notice confirming what AACS LA believes is commercially reasonable under the circumstances, and Adopter acts in conformance with such notice, then Adopter shall remain eligible for the Limited Safe Harbor of Section 3.3 prior to the expiration of the re-testing period and such determination by AACS LA shall be binding on all Third Party Beneficiaries. In the event that Adopter does not act in conformance with such notice, AACS LA and Third Party Beneficiaries retain the right to invoke remedies otherwise available to the extent that Adopter does not remain eligible for the Limited Safe Harbor of Section 3.3, provided however that such notice shall not be deemed to be conclusive as to what is commercially reasonable within the meaning of this Section 3.1.3.1.

3.1.3.2. AACS LA may rescind an Acknowledgement of Compliance Testing if material misrepresentations were made in responding to the Certification Questionnaire.

3.1.3.3. An Acknowledgement of Compliance Testing, once issued, may not be rescinded except pursuant to Sections 3.1.3.1 or 3.1.3.2.

3.1.4. If an Approved Certification Entity is unable to issue an Acknowledgement of Certification Testing for a particular Test Unit under Sections 3.1.1 or 3.1.2, it shall provide Adopter with written notice identifying which Test Criteria and/or Certification Criteria Questionnaire requirements were not met. Following such notice, Adopter may make a resubmission under Sections 3.1.1 or 3.1.2. Alternatively, Adopter may, within thirty (30) days of such notice (or such a notice following re-submission), initiate an arbitration in

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accordance with the provisions of Section 3.1.4.1 by giving AACS LA written notice of its demand for arbitration and setting forth a brief statement of its grounds for contesting the conclusion of the Approved Certification Entity. In such arbitration, the parties shall be AACS LA and Adopter and Adopter shall bear the burden of proof of showing that its Test Unit meets the applicable Test Criteria and that its Certification Criteria Questionnaire responses meet AACS LA's criteria for issuance of an Acknowledgement of Certification Testing.

3.1.4.1.   Any arbitration pursuant to this Section 3.1.4 shall be conducted in accordance with the following procedures:

(a) There shall be a sole arbitrator who shall be selected by the American Arbitration Association from its National Panel of Commercial Arbitrators and who shall have at least fifteen (15) years of relevant experience.

(b) The arbitration shall be conducted in New York, N.Y. in accordance with the International Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted in English.

(c) The arbitrator may conduct the arbitration in such manner as it shall deem appropriate, including the imposition of time limits that it considers reasonable for each phase of the proceeding, but with due regard for the need to act, and make a final determination, in an expeditious manner. The arbitrator shall set a schedule to endeavor to complete the arbitration within one (1) month.

(d) The arbitrator shall permit and facilitate such limited discovery as he or she shall determine is reasonably necessary, taking into account the needs of the parties and the desirability of making discovery as expeditious and cost-effective as possible.

(e) The parties and the arbitrator shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator as Confidential Information; provided, however, that AACS LA shall be entitled to disclose information from such arbitration to the arbitrator in any

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subsequent arbitration under this Section 3.1.4.1 when such information is relevant to the consistent resolution of common issues in such subsequent arbitration. In addition, and as necessary, the arbitrator may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.

(f) The arbitrator is empowered solely to determine whether Adopter's Test Unit meets the applicable Test Criteria and its Certification Criteria Questionnaire responses meet AACS LA's criteria for issuance of an Acknowledgement of Certification Testing. If the arbitrator finds that Adopter has met its burden of proof, then Adopter's Test Unit shall become an Acknowledged Product. If the Arbitrator finds Adopter has not met its burden, then the conclusion of the Approved Certification Entity shall stand.

(*g*) The determination of the arbitrator shall be final and binding on the parties, except that whether the arbitrator exceeded his or her authority shall be fully reviewable by a court of competent jurisdiction. The parties agree that judgment upon any decision may be entered in a court of competent jurisdiction.

(h) The arbitrator shall be compensated at his or her hourly rate, determined at the time of appointment, for all time spent in connection with the arbitration, and shall be reimbursed for reasonable travel and other expenses. The arbitrator shall determine all costs of the arbitration, including his or her fees and expenses, the costs of expert advice and other assistance engaged by the arbitrator, the cost of a transcript and the costs of meeting and hearing facilities. The arbitrator shall assess the losing party or parties the costs of the arbitration set forth in this subsection (*h*).

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3.2. <u>Test Criteria and Certification Questionnaire</u>. AACS LA or an Authorized Certification Entity shall make the Certification Questionnaire and Test Criteria available to Adopter upon request.

3.2.1. The tests required by the Test Criteria shall only include objective, reproducible pass/fail tests that are designed to test implementation of aspects of the Compliance Rules in a Test Unit. The Test Criteria shall be sufficiently detailed to allow Adopters to perform all required tests without the assistance of a third party; provided that nothing in this subsection 3.2.1 shall limit any obligation that exists under Section 3.1.1.

3.2.2. The Certification Questionnaire shall consist of a detailed and meaningful questionnaire requiring only "yes" or "no" responses, and shall be designed to elicit information concerning implementation of aspects of the Compliance Rules in a Test Unit.

3.2.3. AACS shall make changes to the Test Criteria or to the Certification Questionnaire only (i) to correct errors in existing Test Criteria or existing questions in the Certification Questionnaire that cause the Test Criteria to fail to detect non-compliance with a Compliance Rule; (ii) to reflect changes to the Specification(s) or Compliance Rule(s); and (iii) in any case not falling within (i) or (ii), including but not limited to changes to reflect testable issues arising from breach/hack incidents, only following notice to all Adopters, Content Participants and Content Providers and a comment period of thirty (30) days. AACS shall provide Adopter with advance notice of any changes (including changes made under (iii) following conclusion of the notice and comment period) made to the Test Criteria or to the Certification Questionnaire, and such changes shall take effect ninety (90) days following notice from AACS LA, unless such change would require Adopter to make material changes to its product design or manufacturing processes, in which case such changes will take effect following a commercially reasonable time for Adopter to make such changes, not to exceed eighteen (18) months or, where the changes are the result of changes to the underlying Specification or Compliance Rule provisions, on the date on which Adopter is required to comply with such changes to the underlying Specification or Compliance Rule provisions under Section 4.2, whichever is later.

3.2.4. Any costs associated with certification pursuant to this Section 3 and to certification under other Approved Licenses shall be fairly and reasonably allocated among the participants (other than AACS LA, Licensors, or Authorized Testing Facilities) through administrative and test fees.

3.3. <u>Limited Safe Harbor</u>. Subject to Sections 3.1.2.1 and 3.1.3.1.2, with respect to each Acknowledged Product, no injunctive relief or damages pursuant to Section 9 of this Agreement shall be available to AACS LA or any Third Party Beneficiary with respect to, and to the extent of, those aspects of such

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Acknowledged Product that are the subject of the Test Criteria pursuant to which the corresponding Acknowledgement of Compliance Testing has been issued.

3.4. Authorized Certification Entities. Any entity, including Adopter, may become an Authorized Certification Entity by undergoing review and approval according to the criteria established by AACS LA for approval of all Authorized Certification Entities.

3.4.1. If Adopter becomes certified as an Authorized Certification Entity, Adopter may issue an Acknowledgment of Compliance Testing with respect to its own Test Unit and may benefit from the limited safe harbor provision of Section 3.3, provided that Adopter submits the results of such Compliance Testing, along with its completed Certification Questionnaire, to AACS LA.

3.4.2. Adopter acknowledges that, for so long as it may be designated as an Authorized Certification Entity, AACS LA shall have the right to periodically audit Adopter's Acknowledgments of Compliance Testing for conformance with the Test Criteria and Certification Questionnaire, and may revoke Adopter's status as an Authorized Certification Entity if it finds material inaccuracies.

3.5. Watermark Screening.

3.5.1. Suspension of Watermark Screening Obligations. If Adopter (i) has received written notice from a third party holder of intellectual property rights addressed to Adopter sufficient to put Adopter on notice of a claim, or has had a lawsuit filed against it alleging, that its compliance with any of the Watermark Screening Obligations may infringe the intellectual property rights of such third party in a given country (a "Watermark Screening IP Claim"); or (ii) has knowledge of a lawsuit filed against a Fellow Adopter based on a Watermark Screening IP Claim, and a reasonable basis for believing that its implementation of its Watermark Screening Obligations would be subject to the Watermark Screening IP Claim and for believing that it does not have a commercially reasonable alternative that would not be subject to the Watermark Screening IP Claim, then Adopter may suspend its compliance with any or all of such Watermark Screening Obligations in Licensed Products likely to be distributed in such country as Adopter reasonably determines are allegedly subject to such Watermark Screening IP Claim (the "Suspended Watermark Screening Obligations"), but shall comply with the remaining applicable Watermark Screening Obligations in such Licensed Products unless Adopter reasonably determines that such compliance would be commercially unreasonable in light of the Suspended Watermark Screening Obligations.

3.5.2. Resolution of Watermark Screening IP Claims. Adopter shall be required to resume compliance with the Suspended Watermark Screening Obligations as soon as commercially reasonably possible after one of the following conditions is satisfied: (i) there is a

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commercially reasonable non-infringing alternative (other than accepting a license from the party giving notice of or filing a lawsuit based on the Watermark Screening IP Claim) to comply with the Suspended Watermark Obligations; (ii) AACS revises or amends the Watermark Screening Obligations in a manner that avoids the Watermark Screening IP Claim at commercially reasonable expense to Adopter, (iii) AACS obtains or Adopter obtains a license or binding non-assert on commercially reasonable terms that resolves the Watermark Screening IP Claim for the benefit of Adopter, provided, however that neither Adopter nor AACS shall be under any obligation to obtain such license or non-assert; (iv) AACS provides indemnification to Adopter, upon terms and conditions reasonably acceptable to Adopter, with respect to such Suspended Watermark Screening Obligations, or (v) Verance provides indemnification to Adopter, upon terms and conditions reasonably acceptable to Adopter, with respect to such Suspended Watermark Screening Obligations. Adopter shall reasonably cooperate with AACS LA in AACS LA's effort to implement (ii), (iv) or (v). For the avoidance of doubt, nothing in this Section 3.5.2 is intended to create an obligation on the part of AACS or Verance to offer indemnification.

3.6.   Managed Copy. With respect to Adopter's Licensed Copier (as defined in the Compliance Rules) products that enable Managed Copy functionality, Adopter shall cause them to do so in the manner and subject to the conditions required in this Agreement, the Specifications and the Compliance Rules.

3.7.   Licensed Content Producers.

   3.7.1.   Production of Licensed Content Products. If Adopter is acting as a Licensed Content Producer pursuant to this Agreement, Adopter shall produce Licensed Content Products only (i) for an entity that is identified by AACS LA as a Content Participant or Content Provider, or (ii) in order to produce test or demonstration disks that are not sold or otherwise made available directly or indirectly to the public, and (iii) in compliance with applicable Compliance Rules regarding the encoding of the Digital-Only Token and the Image Constraint Token.

   3.7.2.   Transfer of Licensed Content Products to Others. Nothing in this Agreement shall be construed to prevent or to authorize Licensed Content Products produced by Adopter for a Content Participant or Content Provider to be transferred to any other party.

   3.7.3.   Use of Licensed Content Products Produced by Fellow Adopters. Licensed Content Products produced under a valid Adopter Agreement or Interim Adopter Agreement by Fellow Adopters may be used to produce copies of such Licensed Content Products at the direction of any Content Participant or Content Provider so long as Adopter in good faith believes that such Content Participant or Content Provider is, or is authorized by, the Content Participant or Content Provider for whom the Licensed Content Product was originally produced.

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3.7.4. <u>Disclosure of Title Keys</u>. Adopter may, only at the direction of the Content Participant or Content Provider for which a particular Licensed Content Product was produced, disclose the value of the Title Key used in the production of such Licensed Content Product to any other party as they may be directed by such Content Participant or Content Provider, provided that Adopter does so under the confidentiality terms Adopter is instructed to use by the Content Participant or Content Provider.

3.7.5. <u>Licensed Content Producer Reporting/Auditing</u>. An Adopter who replicates copies of Licensed Content Products onto Removable Storage Media, shall, upon request from AACS LA, no more often than once per calendar quarter, report all such copies made for each AACS licensee ID requested by AACS LA. AACS LA shall have the right to audit such reports using an independent firm engaged at AACS LA's expense. Any audit shall be performed by an independent third party (such as an accounting firm) mutually agreed between Adopter and AACS LA, which third party will be subject to a confidentiality agreement with Adopter and will be engaged by AACS LA to perform the audit on a time and materials, and not a contingency fee, basis. The auditor shall treat all records of Adopter as Confidential Information and shall disclose to AACS LA only the number of copies, with respect to the applicable Reporting Year(s). AACS LA shall treat such information received pursuant to this Section as Confidential Information.

3.8. <u>Representation and Warranty of Compliance with Consumer Notice Requirements</u>. Adopter hereby acknowledges that AACS LA and the Licensors license the AACS Technology to Fellow Adopters, Content Participants and Content Providers, and in such capacity, do not have any contact with the end user or consumer of Licensed Products, Licensed Content Products, Licensed Components or Robust Inactive Products. In addition, Adopter hereby represents and warrants that it shall, for the term of this Agreement, or for so long as Adopter is permitted to introduce Licensed Products, Licensed Content Products, Licensed Components or Robust Inactive Products into the stream of commerce under color of this Agreement, comply with consumer notice requirements (whether national, state, federal, local or other) that may be applicable, if any, to sale or distribution of Adopter's Licensed Products, Licensed Content Products, Licensed Components or Robust Inactive Products because of the implementation of AACS Technology in such products, provided that Adopter makes no representation or warranty with regard to such requirements in connection with online transactions.

3.9. <u>Adopter Responsibility for Licensed Products resulting from Activation of Robust Inactive Products.</u> If Adopter distributes a Licensed Product or Robust Inactive Product that is designed to combine with a Robust Inactive Product distributed by a Fellow Adopter to form a Licensed Product utilizing the Activation process defined in Section 1.10(ii), then Adopter shall be responsible for the compliance with this Agreement of the resulting combination if Adopter's product is designed to initiate the combination by detecting the Fellow Adopter's Robust Inactive Product and beginning the exchange of encryption keys,

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authentication, or similar technical measures necessary for the Adopter's product to access and use the functionality of the Fellow Adopter's Robust Inactive Product in a combination that is designed to be a Licensed Product. For the avoidance of doubt, this means, inter alia, that Adopter shall be responsible for Compliance Testing of such combination of Adopter's product with the Fellow Adopter's Robust Inactive Product under the terms of Section 3.1, as well as any breach of Section 3.0, including the Compliance Rules, by such combination with the Fellow Adopter's Robust Inactive Product.

3.9.1. When Adopter is responsible for any combination designed to result in a Licensed Product under Section 3.9, then Adopter shall provide notice to AACS LA, on or before the date on which it ships a Licensed Product or Robust Inactive Product that is designed to combine with one or more Fellow Adopters' Robust Inactive Products, of the identity of such products and its responsibility for the resulting combination(s) hereunder. In the event that Adopter and any Fellow Adopter ship products that have the means to combine with each other in the manner specified under Section 1.10(ii), and neither has given notice to AACS LA under this Section 3.9.1, then each shall be liable for all remedies applicable under their respective Adopter Agreements for failure to complete Compliance Testing of, and/or any breach of Section 3.0 attributable to, or any other breach of such Adopter Agreement by, such combination.

4. CHANGES TO THE SPECIFICATIONS AND COMPLIANCE RULES.

4.1. Adopter Proposals for Changes. Adopter may, singly or with other Fellow Adopters and/or Content Participants, suggest changes in the Specifications or Compliance Rules. Requests will be submitted in writing to AACS LA and describe the suggested change and the reason for the suggestion (such as that it would improve the commercial viability, integrity, security, or performance of the AACS Technology or the security of AACS Content or correct errors or omissions to or clarify the Specifications or Compliance Rules).

4.1.1. AACS LA will acknowledge receipt of the suggestion and will consider it in good faith in a manner consistent with 4.1.3, 4.1.4, 4.2.1 and 4.2.2. Requests are most likely to receive serious consideration if, with modest investment, they would improve the commercial viability, integrity, security or performance of the AACS Technology, or the security of AACS Content, without causing any incompatibility with existing implementations. AACS LA will reply in writing within a reasonable time to the suggesting party about AACS LA's intentions with respect to the suggestion.

4.1.2. All submitted suggestions will be non-confidential and AACS LA may use, reproduce, modify, disclose and distribute the written suggestions to other interested parties in connection with the promotion of the AACS Technology, Specifications and Approved Licenses. Adopter grants to AACS LA, under its copyright rights in any suggestions that it submits, singly or with other Fellow Adopters and/or Content Participants, an irrevocable, perpetual, worldwide,

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non-exclusive royalty-free license to reproduce, distribute, perform, display and create derivative works of such suggestions, solely for the purpose of developing, using and promoting any AACS Technology, Specifications or Approved Licenses. Subject to this purpose limitation, AACS LA shall have the right to fully sublicense all or any portion of the rights granted by such license, including the right to permit further sublicensing. Adopter covenants that it will not knowingly include intellectual property owned or controlled by a third party or information known to be proprietary or confidential to any third party in any such suggestion.

4.1.3. AACS LA shall not unreasonably reject a change proposed by a majority, but not less than ten (10), of the Fellow Adopters which Fellow Adopters can demonstrate, by the preponderance of evidence: (i) would improve the commercial viability, integrity, security or performance of the AACS Technology, improve the security of AACS Content, correct errors or omissions to the Specifications or Compliance Rules, or clarify the Specifications or Compliance Rules, but in each case not materially amend, alter or expand any given Book after it has been released in version 0.9; (ii) would not impose additional, substantial obligations on Licensors, AACS LA, Content Participants, Content Providers or Fellow Adopters or on the operation of Licensed Products; (iii) does not implicate a patent right that would become a Necessary Claim by such a change; (iv) would maintain parity of access to content between hardware and software products; (v) would maintain interoperability of hardware and software products with respect to content protected by AACS Technology; and (vi) would preserve and/or enhance the basic level of security provided by the AACS Technology.

4.1.4. AACS LA shall additionally cooperate with Fellow Adopters to seek alternatives to proposed changes that do not meet one or more of the criteria set forth in Section 4.1.3, but Licensors shall have the right ultimately to reject any and all such proposed changes in their good faith judgment.

4.2. Permitted Changes and Compliance With Changes. The Specifications and the Compliance Rules may be amended from time to time by AACS LA and the Licensors only in accordance with this Section 4.2 and Exhibit F. AACS LA shall provide Fellow Adopters with thirty (30) days' notice of any changes to the Compliance Rules or the Specifications. Unless Adopter exercises its right to terminate the Agreement in response to a change in a Specification as provided in Section 7.1.3.2, Adopter shall be required to comply with all amendments to the Compliance Rules or to the Specifications that do not require material modifications to Adopter's product design or manufacturing processes within ninety (90) days after expiration of the notice period or such longer period specified by AACS LA, provided that Adopter may continue to sell and distribute for a period of eighteen (18) months after the expiration of the notice period Licensed Products and Licensed Components that Adopter can demonstrate were Completed, in the ordinary course of its business, consistent with past practice, prior to the expiration of the notice period or longer period

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4.2.1. AACS LA and the Licensors may make such changes to a given Book as they deem necessary or appropriate until version 1.0 of such Book is released. After version 1.0 of a Book has been released, AACS LA and the Licensors shall make no material changes to such Book (including any changes that would expand such Book to require the inclusion of new technical features not included in version 1.0 of such Book or make Licensed Products Produced prior to such changes incompatible with the new version of the Book). Notwithstanding the foregoing, AACS LA and the Licensors reserve the right to (i) create one or more new Books (comparable to the existing format adaptation Books), to map or port the AACS Technology to other Removable Storage Media to which content is cryptographically bound using AACS Technology so that such content can be accessed by compliant products upon insertion of such media in such products, provided, however, that such mapping or port shall not add functionality beyond what is already described with particularity in the AACS Specifications as of commencement of final licensing program; and (ii) correct any errors or omissions in the Specifications or to make changes that would clarify, but not materially amend, alter or expand the Specifications, from time to time.

4.2.2. Except as AACS LA and the Licensors may conclude is necessary to provide for protection of Digital Entertainment Content, AACS LA and the Licensors shall not make any revisions to the Compliance Rules that would materially increase the cost or complexity of implementations of Licensed Products.

4.2.3. In the case of Robust Inactive Products, the requirements of this Section 4.2 may be met by ensuring that the necessary changes to any unit or copy shipped after the effective date of a particular amendment are implemented at the time of Activation, provided that such Activation takes place no more than eight (8) years after the particular version or model of Robust Inactive Product first was distributed. For the avoidance of doubt, such eight year limitation shall not apply in the case of an individual instance of a Robust Inactive Product that Adopter reasonably concludes is being reinstalled on the same hardware device on which it was previously Activated before the end of the eight year period, but shall apply in the case of such individual

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4.2.3.1.   Subsequent Periodic Updates to an individual unit of a Licensed Product (or a product that would be a Licensed Product but for a breach of the Specifications or Compliance Rules) that has already been Activated, or was a Licensed Product when shipped by Adopter, shall comply with Section 4.2.3.2, but shall not have to comply with changes to the Specifications or Compliance Rules, or sunrise of new obligations (*e.g.*, the Watermark Screening Obligations) with an effective date after the date on which the Licensed Product was Produced or the Robust Inactive Product was Activated unless, following such Periodic Update, the Licensed Product would (i) be the same as a Licensed Product that is separately marketed by Adopter under a new product name or a higher numerical designation to the left of the decimal point (*e.g.*, the change from Version 1.0 to Version 2.0, but not to Version 1.9), and (ii) either enables AACS protection or use of an AACS function that would not have been protectable with AACS Technology or usable by the Licensed Product prior to the Periodic Update, or performs the AACS functions by substantially different means and in a substantially different way than they were performed by the Licensed Product prior to the Periodic Update.

4.2.3.2.   At any time that Adopter Activates a unit of a Robust Inactive Product or replaces a Device Key of a unit of a Licensed Product via a Periodic Update, Adopter shall issue one or more Periodic Updates to such unit as necessary so as to cause the resulting Licensed Product to include the changes that would have resulted if the unit had received all sequential Periodic Updates designed for, and capable of properly functioning with, such unit since the time the unit was first distributed, provided, that if Adopter has, at any time, made available two or more versions of any such sequential Periodic Updates on different business terms (*e.g.*, a free version and a fee-based version), the foregoing requirement shall apply with respect to the version of the Periodic Update(s) selected by the user of such unit.

4.3.   Changes to Products Produced Under an Interim Adopter Agreement. If Adopter is producing Licensed Components, Licensed Products (other than Licensed Content Products), or Robust Inactive Products under an Interim Adopter Agreement as of the Effective Date of this Agreement ("Interim Models"), then Adopter shall be permitted to continue to manufacture and distribute additional units of such Interim Models for a period of eighteen (18) months following the Effective Date in compliance with the versions of the Specifications and Compliance Rules that were in effect under the Interim Adopter Agreement, except that such additional units of Interim Models shall be required to

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implement changes (i) within ninety (90) days of the Effective Date or the expiration of any subsequent notice period under Section 4.2 to comply with the latest version of the applicable Books of the Specifications and Compliance Rules but only to the extent that such changes would not require material changes to the Interim Model design or manufacturing processes, and (ii) in order to comply with all applicable Watermark Screening Obligations and Managed Copy Obligations as of the dates such obligations become effective under this Agreement, whether or not such changes would require material changes to the Interim Model design or manufacturing processes. For the avoidance of doubt, new Licensed Components, Licensed Products (including Licensed Content Products), or Robust Inactive Products, the first unit of which is Produced after the Effective Date, shall not constitute Interim Models and shall not be eligible for such delayed implementation.

4.4. Licensed Content Products Mastered Under an Interim Adopter Agreement. Licensed Content Product masters produced under an Interim Adopter Agreement may be used to manufacture and distribute prerecorded optical media embodying such Licensed Content Products that comply with the versions of the Specifications and Compliance Rules that were in effect under the Interim Adopter Agreement for (i) a period of eighteen (18) months following the Effective Date and, (ii) thereafter, if such Licensed Content Products as embodied in prerecorded optical media are technically capable of being copied by a Licensed Copier pursuant to an Offer from an appropriately authorized Managed Copy Server (as those terms are defined in the most recent version of the Compliance Rules). If such a Licensed Content Product mastered under an Interim Adopter Agreement has embedded within it the AACS Trusted Source Mark, then the requirements with respect to the ability to be capable of being copied by a Licensed Copier as provided in this Section 4.4(ii) shall also be a requirement of Section 4.4(i).

5. **FEES**

5.1. Evaluation Administration Fees. Within thirty (30) days of the Evaluation Election Date, Adopter shall pay AACS LA Evaluation Administration Fees as set forth in the Fee Schedule attached as Exhibit B, subject to any pro-rata credit to which Adopter may be entitled under Section 5.1 of an Interim Adopter Agreement. Upon each anniversary of the Evaluation Election Date (the "Annual Evaluation Payment Date"), Adopter shall pay AACS LA the Annual Administration Fee for the following year which fee shall be used to offset the costs associated with AACS LA's administration of the AACS Technology. AACS LA may, upon at least thirty (30) days notice to Adopter, modify the Annual Administration Fee payable for the period beginning on the next Annual Evaluation Payment Date, provided that any increase in such fees shall not exceed an amount commensurate with any increase in AACS LA's costs. Without limiting the foregoing, where costs per Fellow Adopter decrease, AACS LA shall use commercially reasonable efforts to reduce the Annual Administration Fee. Adopter when ordering Evaluation Keys shall pay order fulfillment fees as set forth in the Fee Schedule attached as Exhibit B. Adopter shall not be entitled to any refund of fees paid for any reason.

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5.2.   Production Administration Fees. Within thirty (30) days of the Production Election Date, Adopter shall pay AACS LA Administration Fees as set forth in the Fee Schedule attached as Exhibit B, subject to any pro-rata credit to which Adopter may be entitled under Section 5.2 of an Interim Adopter Agreement. Upon each anniversary of the Production Election Date (the "Annual Production Payment Date"), Adopter shall pay AACS LA the Annual Administration Fee for the following year which fee shall be used to offset the costs associated with AACS LA's administration of the AACS Technology, including without limitation licensing, testing, enforcement, and litigation. AACS LA may, upon at least thirty (30) days notice to Adopter, modify the Annual Administration Fee payable for the period beginning on the next Annual Production Payment Date, provided that any increase in such fees shall not exceed an amount commensurate with any increase in AACS LA's costs. Without limiting the foregoing, where costs per Fellow Adopter decrease, AACS LA shall use commercially reasonable efforts to reduce the Annual Administration Fee. Adopter shall not be entitled to any refund of fees paid for any reason.

5.3.   Key Fees.

    5.3.1.   Key Fees. Adopter shall pay AACS LA on a per-unit or set annual fee basis for key generation fees as set forth in the Fee Schedule attached as Exhibit B, subject to any pro-rata credit for an annual fee to which Adopter may be entitled under Section 5.3 of an Interim Adopter Agreement. AACS LA will supply a written invoice for such charges upon receiving Adopter's order in the form specified by AACS LA, and Adopter agrees to pay such invoice prior to generation of the keys for such order. AACS LA reserves the right to exercise due diligence to verify that the order is appropriate, and Adopter shall provide reasonable cooperation in such process. Adopter shall not be entitled to any refund thereof for any reason. AACS LA may, upon at least thirty (30) days notice to Adopter, modify the key fee, provided that any increase in such fees shall not exceed an amount commensurate with any increase in AACS LA's or Founders' costs. Adopter represents and covenants that prior to any key order, and to the extent that Adopter's product(s) in which the keys will be used would require a Format License, Adopter has signed and is in good standing under such Format License. For purposes of this Section 5.3, "Format License" shall mean a license agreement for one or more of the Removable Storage Media formats to which the AACS Technology may be mapped or ported, pursuant to the Specifications (e.g. the AACS BD Book or the AACS HD DVD Book) consistent with the provisions of this Agreement.

    5.3.2.   Key Fee Audit.

        5.3.2.1.   AACS LA shall have the right to require that Adopter to conduct an internal investigation to confirm, with respect to a given Reporting Year(s) (as defined on Exhibit B), that Adopter has paid the Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives required hereunder for the number of Licensed Product Adopter has manufactured

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during such Reporting Year. Adopter shall report to AACS LA the results of such investigation, and make any further payment of Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives as required hereunder, within a reasonable period of time after receipt of notice of AACS LA's demand for such internal investigation. After receipt of such report from Adopter, or in the event that Adopter does not submit such report, and any required payment, to AACS LA within such reasonable period of time, AACS LA shall have the right to audit Adopter's records (including, without limitation, records with respect to any Licensed Products manufactured by third parties on Adopter's behalf) with respect to the Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives paid by Adopter hereunder with respect to such Reporting Year(s).

5.3.2.2.   AACS LA's right to require Adopter to conduct an internal investigation and report and to perform a subsequent audit shall be limited to occur no more than once in any twelve (12)-month period during the Term and once during the twelve-month period immediately following termination of this Agreement, and shall be limited to an audit with respect to Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives paid with respect to the then-current (or, if after the Term, the most recent) Reporting Year and the immediately preceding Reporting Year only. Any audit shall be conducted only upon reasonable advance notice to Adopter and during normal business hours. Adopter agrees to reasonably cooperate with the auditor in its performance of the audit.

5.3.2.3.   Any audit shall be performed by an independent third party (such as an accounting firm) mutually agreed between Adopter and AACS LA, which third party will be subject to a confidentiality agreement with Adopter and will be engaged by AACS LA to perform the audit on a time and materials, and not a contingency fee, basis. The auditor shall treat all records of Adopter as Confidential Information and shall disclose to AACS LA only whether Adopter has paid, with respect to the applicable Reporting Year(s), Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives equal to or greater than those fees required hereunder for the number of Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives that Adopter has distributed during such Reporting Year(s) and, if not, the amount of the underpayment. Such results shall be communicated to Adopter and AACS LA in a formal report within thirty (30) days after completion of the audit; provided that the auditor first provides Adopter with five business days' advance notice of the results. For the avoidance of doubt, AACS LA does not waive any rights of evidentiary discovery in

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connection with any legal action arising out of any alleged underpayment of Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives paid by Adopter hereunder.

5.3.2.4.   In the event that an audit discloses an underpayment by Adopter of Unit Fees for Media, Unit Fees for Devices, and Unit Fees for Drives with respect to an applicable Reporting Year(s), Adopter shall promptly pay any such underpayment to AACS LA and if such underpayment is more than ten percent (10%) of the amount of such fees that were actually paid by Adopter hereunder with respect to an applicable Reporting Year(s), Adopter shall reimburse AACS LA for all reasonable out-of-pocket costs incurred by AACS LA in connection with such audit.

5.4.   <u>Adjustment for Inflation</u>. On December 31, 2009 and every third anniversary thereof, AACS LA may, at its option, adjust any or all of the fees set forth in this Section 5 for inflation based on the change in the Producer Price Index from January three years prior thereto to December of the then current year. AACS LA will make any such adjustment effective on April 15 of the following year. Adjustments under this Section 5.4 and modifications under Sections 5.1, 5.2 and 5.3 shall be independent of one another, and not mutually exclusive.

6.   CONFIDENTIALITY/EXPORT

6.1.   <u>Permitted Use</u>. Adopter shall use Confidential Information including its tangible embodiments only in accordance with the terms of this Agreement, and shall not use such information or any mentally-retained recollections thereof to circumvent the methods disclosed in Confidential Information or to circumvent any obligations under this Agreement. Adopter shall use Highly Confidential Information including its tangible embodiments only in accordance with the terms of this Agreement and shall not use such information or any mentally retained recollection thereof to circumvent the methods disclosed in Highly Confidential Information or to circumvent any obligation under this Agreement. Adopter may otherwise use and disclose in its business the increased or enhanced knowledge retained in the unaided memories (that is, without current use of the Confidential Information or Highly Confidential Information recorded in any tangible form) of its directors, employees, agents or contractors as a result of their exposure to the Confidential Information or Highly Confidential Information (a "<u>Residual</u>"). No recipient of Confidential Information or Highly Confidential Information shall: (i) intentionally memorize the Confidential Information or Highly Confidential Information so as to reduce it to an intangible form for the purpose of creating a Residual or using the same; or (ii) avoid its obligation to maintain the confidentiality of the Confidential Information or Highly Confidential Information merely by having a person commit such item to memory so as to reduce it to intangible form. No Party shall have any rights in any business endeavors of any other Party that may use such knowledge and experience nor any right to compensation related to any Party's use of such knowledge and experience.

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6.2. <u>Confidential Information</u>. Adopter shall maintain the confidentiality of Confidential Information in the following manner:

6.2.1. Adopter shall employ procedures for safeguarding Confidential Information at least as rigorous as Adopter would employ for its own confidential information, but no less than a reasonable degree of care.

6.2.2. Adopter may disclose Confidential Information to (1) regular full-time and/or part-time employees (with the exception of short-term employees including by way of example and not of limitation employees such as interns, seasonal and temporary employees), and individuals retained as independent contractors who have a reasonable need to know such Confidential Information in order to allow Adopter to implement AACS Technology in compliance with the Specifications and Compliance Rules and who have executed a nondisclosure agreement sufficient to protect the Confidential Information in accordance with the terms of this Agreement; (2) Fellow Adopters; (3) Adopter's attorneys, auditors or other agents who have a reasonable need to know the Confidential Information and who owe Adopter a duty of confidentiality sufficient to prevent the disclosure of such Confidential Information, or (4) third parties that have signed and have in force an Approved License having provisions for the protection of Confidential Information no less restrictive than those set forth in this Agreement. Adopter may disclose Confidential Information to third parties pursuant to the have designed and have made rights provided under Sections 2.2 and 2.3, provided that Adopter shall remain responsible for the maintenance of the confidentiality of the Confidential Information provided to such third parties and shall execute a nondisclosure agreement with such third parties sufficient to protect the Confidential Information in accordance with the terms of this Agreement.

6.3. <u>Highly Confidential Information</u>. Adopter shall maintain the confidentiality of Highly Confidential Information in the following manner:

6.3.1. Adopter shall employ procedures for safeguarding Highly Confidential Information at least as rigorous as Adopter would employ for its own most highly confidential information, such procedures to include, at a minimum: (1) maintaining on Adopter's premises a secure location in which any and all Highly Confidential Information shall be stored, where such a location may include electronic storage that is at least as secure with respect to the Highly Confidential Information as the AACS Technology is with respect to the protection of digital content; (2) that any Highly Confidential Information stored in such a location shall be accessible only by Authorized Recipients (as defined below); (3) that (x) where Highly Confidential Information is stored in a location that is physically secure, Authorized Recipients visiting such location shall sign in and out each time that they visit such location; and (y) where Highly Confidential Information is stored securely in an electronic form, Authorized Recipients having access to such Highly Confidential

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Information shall sign in and out each time that they have such access; and (4) when Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location or shall be stored electronically in a form that is at least as secure with respect to the Highly Confidential Information as the AACS Technology is with respect to protection of digital content.

6.3.2. Adopter may disseminate Highly Confidential Information only to the strictest minimum possible number, consistent with the notification requirements below, of regular full time or part-time employees or individual independent contractors (with the exception of short-term employees including by way of example and not of limitation employees such as interns, seasonal and temporary employees) of Adopter: (1) who have an absolute need to know such Highly Confidential Information in order to enable Adopter to implement AACS Technology in compliance with the Specifications and Compliance Rules; (2) who are bound in writing by obligations of confidentiality sufficient to protect the Highly Confidential Information in accordance with the terms of this Agreement; and (3) who, prior to the disclosure of such Highly Confidential Information, have: (x) been identified in writing by Adopter to AACS LA; and (y) read and executed the acknowledgment attached as Exhibit C hereto (the original of such executed acknowledgment to be sent to AACS LA) ("Authorized Recipients"). Adopter shall take reasonable steps to cause Authorized Recipients to abide by their obligations hereunder and shall use the same efforts to enforce the confidentiality obligations of each Authorized Recipient during and after the termination of his/her employment as Adopter uses to enforce with respect to Adopter's own similarly confidential information, provided that Adopter shall not use less than reasonable efforts in such enforcement. Adopter shall make reasonable efforts to assist AACS LA in relation to any claim, action, suit, proceeding, or litigation with respect to the access of Adopter's former employee to information provided under this Section 6. Notwithstanding any contrary provision, Adopter shall not disseminate any Highly Confidential Information to more than three (3) Authorized Recipients per product category (*e.g.*, pre-recorded media, recordable media, etc.) ("Key Recipients") unless Adopter has notified AACS LA in advance of its intention to increase the number of Key Recipients to an additional increment of up to three (3) such recipients. Adopter may make such notifications of additional increments of Key Recipients without limit, but in doing so shall abide by the terms of clauses (1), (2), and (3), above. Adopter may substitute another employee for a Key Recipient only in the event of death, permanent or long term disability or resignation or termination of employment or contract of an existing Key Recipient or reassignment of an existing Key Recipient to a substantially different business unit that is not involved in the development, manufacture, or sale of products (in the product category Key Recipient was theretofore involved in) incorporating AACS Technology. Adopter shall inform AACS LA in writing prior to the substitution or addition of any Key Recipient. Adopter may also disclose Highly Confidential

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Information to an employee of another Fellow Adopter, or of a Content Participant or Content Provider, where such other company is authorized to possess such Highly Confidential Information and where the recipient to whom disclosure is made is a Key Recipient for such other company. Prior to any disclosure pursuant to the preceding sentence, Adopter must assure itself that such other company is, in fact, authorized to possess the Highly Confidential Information to be disclosed, that the recipient to whom such disclosure is to be made is entitled to possess the Highly Confidential Information to be disclosed, and that the method to be used to disclose Highly Confidential Information is as secure as the methods used by AACS LA to disclose the same information to Adopter. Adopter may rely on a written representation from such other company, attesting that such company is authorized to possess the Highly Confidential Information and that the recipient to whom the disclosure is to be made is entitled to possess the Highly Confidential Information disclosed, provided Adopter does not know or have reason to know that the other company or the recipient is not authorized to possess the Highly Confidential Information. Adopter may disclose Highly Confidential Information to third parties pursuant to the have designed and have made rights provided under Sections 2.2 and 2.3, provided that Adopter shall remain responsible for maintaining the confidentiality of the Highly Confidential Information provided to such third parties and provided that Adopter has executed a nondisclosure agreement with such third parties sufficient to protect the Highly Confidential Information in accordance with the terms of this Agreement.

6.4. Copies of Highly Confidential Information. Adopter shall not make any copies of any document containing Highly Confidential Information except when required for use by different business units manufacturing Licensed Components, Robust Inactive Products or Licensed Products in the same product category but located in different facilities. In the event such information is required for use by such diversely located business units, Adopter may make one (1) copy of such documents for each affected business unit and each of the requirements and obligations of this Article will apply individually to each such business unit. Adopter shall notify AACS LA in writing if such additional copies are made. Adopter may request that AACS LA provide Adopter with additional copies of documents containing Highly Confidential Information. AACS LA may, in its sole discretion, fulfill any such request, provided that AACS LA shall not unreasonably refuse to provide requested additional copies.

6.5. Contact Person and Provision of AACS LA Information. Adopter shall designate a single Authorized Recipient who shall receive all Confidential Information and/or Highly Confidential Information (the "Adopter Contact") disclosed by AACS LA and may designate a single alternative Authorized Recipient ("Alternate Adopter Contact") who shall be entitled to receive such Confidential Information and/or Highly Confidential Information in the event that Adopter Contact is absent at the time such information is to be provided. Prior to the provision of any Confidential Information and/or Highly Confidential Information to Adopter Contact or Alternate Adopter Contact, such Adopter Contact or Alternate Adopter Contact shall have complied with all of his/her

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obligations under Sections 6.2 and 6.3. Additional or substitute Adopter contacts may be authorized by AACS LA, subject to additional fees and security requirements.

6.6.   Notification of Unauthorized Use or Disclosure. Adopter shall notify AACS LA in writing promptly upon discovery of any unauthorized use or disclosure of Confidential Information and/or Highly Confidential Information, and will cooperate with AACS LA and the Licensors in every reasonable way to regain possession of such information and to prevent its further unauthorized use or disclosure.

6.7.   Disclosure of Adopter Status. AACS LA shall have the right to disclose to third parties the fact that Adopter has signed this Agreement and obtained a license to implement AACS Technology, and may make available a list of such Fellow Adopters at least once per quarter which list shall specifically identify which listed Fellow Adopters have elected to become production licensees pursuant to Section 2.3 and which are Licensed Content Producers, provided, however, that such disclosure and such list shall be limited to the Signing Entity and other entities that have signed Adopter Agreements and such of their Affiliates as have been identified to AACS LA in a notice pursuant to Section 11.11(i). If Adopter makes a written request to AACS LA at the time of signing this Agreement, AACS LA shall maintain the fact that Adopter has obtained a license to implement AACS Technology confidential, subject to exceptions and obligations equivalent to those set forth in Sections 6.9 and 6.10, until such time that Adopter has publicly announced that it intends to manufacture a Licensed Product or Licensed Component or has begun marketing such a product or two (2) years after the Effective Date of this Agreement, whichever is earlier. In the event that Adopter exercises this option, Adopter shall promptly notify AACS LA when it has publicly announced its product plans or begins marketing a Licensed Product or Licensed Component. Notwithstanding the foregoing, AACS LA may confirm the fact that Adopter has signed an Adopter Agreement to any party to an Approved License with AACS LA that is seeking to enforce an obligation of Adopter under this Agreement following a written refusal to meet such obligation by Adopter.

6.8.   Disclosure of Authorized Resellers. AACS LA shall maintain a list identifying Authorized Resellers eligible to receive Licensed Components, and shall provide such list to Adopter upon request, or alternatively, shall publish such list, updated at least quarterly, on a portion of the AACS LA web site which is accessible by Adopter. Adopter licensed under Section 2.3 shall check this list and/or consult with AACS LA to determine whether sale or other distribution of Licensed Components pursuant to Sections 2.3.1 and 2.3.2 or 2.3.4 of this Agreement is authorized prior to each sale or distribution of Licensed Components to any entity.

6.9.   Disclosure Required By Law. In the event Adopter is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Confidential Information and/or Highly Confidential Information, (1) Adopter shall take reasonable steps to notify AACS LA prior to disclosure, or (2) where notice to AACS LA prior to disclosure is not reasonably possible, Adopter shall take reasonable steps to challenge or restrict the scope of such required disclosure

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and notify AACS LA as soon as possible thereafter. In either case, Adopter shall take reasonable steps to seek to maintain the confidentiality of the information required to be disclosed and to cooperate with AACS LA in any effort undertaken by AACS LA to challenge the scope of such required disclosure, or to obtain a protective order requiring that Confidential or Highly Confidential Information so disclosed be used only for the purposes for which the order was issued.

6.10.   Confidentiality Exceptions. The non-use and confidentiality restrictions shall not apply to Highly Confidential Information and/or Confidential Information which Adopter can demonstrate: (1) is now, or hereafter becomes, through no act or failure to act on the part of Adopter or its representatives, generally known or available, except that non-use and confidentiality restrictions shall continue to apply to information that must be treated as Highly Confidential Information under the definition of "Highly Confidential Information" whether or not it is marked as such; (2) is known by the receiving Party, as evidenced by its records, without obligation of confidence at the time of receiving such information; (3) is, after receipt of the information from AACS LA or Licensor(s) hereunder, also furnished to Adopter by a third party without breach of confidence and without restriction on disclosure; (4) is independently developed by Adopter without any breach of this Agreement; or (5) is the subject of a written permission to disclose provided by AACS LA.

6.11.   Confidentiality Period. The confidentiality obligations set forth in Section 6.2 shall be in effect during the term of this Agreement and shall continue thereafter until five (5) years after termination of this Agreement. The confidentiality obligations set forth in Section 6.3 shall be in effect during the term of this Agreement and shall continue thereafter until the later of (1) three (3) years after the last commercial use of AACS Technology by AACS LA or any Adopter, or (2) the expiration of the last copyright related to any AACS Technology encrypted/scrambled content which then exists in any country adhering to the Agreement on Trade Related Aspects of Intellectual Property Rights of the World Trade Organization dated April 15, 1994.

6.12.   Reverse Engineering. Under no circumstances shall Adopter or its subcontractors under Sections 2.2.3 or 2.3.3 reverse engineer, reverse translate, decompile, disassemble, or otherwise seek to determine the operation of any element of Highly Confidential Information or Confidential Information or allow another to do so, provided, however, that this Section 6.12 shall not prohibit Adopter or its subcontractors under Sections 2.2.3 or 2.3.3 from conducting testing for the purpose of verifying compliance of its own Evaluation Licensed Component, Evaluation Licensed Product, Licensed Product, Robust Inactive Product or Licensed Components with the Compliance Rules. Adopter or its subcontractors under Sections 2.2.3 or 2.3.3 may, to the minimum extent necessary to (i) test, debug, integrate or tune its own Evaluation Licensed Component, Evaluation Licensed Product, Licensed Product, Robust Inactive Product or Licensed Components to ensure that they work in their intended operational environment with other Evaluation Licensed Component, Evaluation Licensed Product, Licensed Products, Robust Inactive Product or Licensed Components; or (ii) verify compliance of its own Evaluation Licensed Component, Evaluation Licensed Product, Licensed Product, Robust Inactive

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Product or Licensed Components with the Compliance Rules, conduct compliance or electrical analyses with respect to the operation of other Licensed Products that form part of such intended operational environment.

6.13. Export. Adopter shall comply with all applicable laws and regulations of the United States, Japan and other countries and jurisdictions relating to the export or re-export of commodities, software, and technical data insofar as they relate to activities under this Agreement, and shall obtain any approval required under such laws and regulations whenever it is necessary for such export or re-export. Adopter agrees and understands that commodities, software and technical data provided under this Agreement may be subject to restrictions under the export control laws of the United States, Japan and other countries and jurisdictions, as applicable, including but not limited to the US Export Administration Act, the US Export Administration Regulations, and the Japanese Foreign Exchange and Foreign Trade Law, and shall obtain any approval required under such laws and regulations whenever it is necessary for such export or re-export.

6.14. Executing Entity Responsibility for Affiliates. For the avoidance of doubt, the Executing Entity and its Affiliates may disclose Highly Confidential Information and/or Confidential Information to each other as provided for in this Section 6, provided that in such case the Executing Entity shall cause its Affiliates to be bound by any and all provisions of this Agreement to the same extent such entity is bound. Failure by such Affiliates to observe any provision of this Section 6 shall constitute a breach of this Agreement by Adopter.

7. **TERM/TERMINATION**

7.1. Termination. This Agreement shall commence upon the Effective Date and shall continue until expired or terminated in accordance with any of the following provisions:

7.1.1. Automatic Termination of Evaluation License. If Adopter has made an election under Section 11.11 on Exhibit A to be an evaluation licensee but not a production licensee, this Agreement will terminate two (2) years after the Evaluation Election Date, unless extended by mutual agreement of the Parties.

7.1.2. Automatic Termination of Production License. If Adopter has made an election under Section 11.11 on Exhibit A to be a production licensee, this Agreement will terminate twenty (20) years from its Effective Date unless terminated earlier according to this Section.

7.1.3. Voluntary Termination by Adopter.

7.1.3.1. Adopter shall have the right to terminate this Agreement at any time upon at least ten (10) days prior written notice to AACS LA.

7.1.3.2. In the event of a change to one or more Books under this Agreement, Adopter shall have the right during the thirty (30) day notice period specified in Section 4.2 to give AACS

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LA written notice that it is terminating this Agreement effective on a date no later than the date on which Adopter would have to comply with the change under Section 4.2. In the event of such termination, and provided that Adopter does not implement such change, Adopter's covenants not to assert under Section 2.6.1 through Section 2.6.7 shall not apply to claims that would otherwise be Necessary Claims with respect to the new version of the Book(s) but which were not Necessary Claims prior to such changes, and Adopter shall not have any right under this Agreement to implement the new versions of the Book(s).

7.1.3.3. In the event that AACS LA and the Licensors adopt one or more new Book(s) under this Agreement that maps or ports AACS Technology to an additional Removable Storage Media to which content is cryptographically bound using AACS Technology so that such content can be accessed by compliant products upon insertion of such media in such products, Adopter shall have the right, within thirty (30) days of receiving notice from AACS LA of the adoption of such new Book(s), to give AACS LA written notice that it is irrevocably terminating this Agreement effective on a date no later than eighteen (18) months from the date of notice of such new Book(s). In the event of such termination, and provided that Adopter does not implement such new Book(s), Adopter's covenants not to assert under Section 2.6.1 through Section 2.6.7 shall not apply to claims that would otherwise be Necessary Claims with respect to the new Book(s) or any subsequently adopted Book(s), and Adopter shall not be granted any rights under Sections 2.2 or 2.3 with respect to the new Book(s) or any subsequently adopted Book(s).

7.1.4. Breach and Opportunity to Cure. AACS LA, but not a Licensor, may terminate this Agreement on behalf of itself and the Licensors for any material breach by Adopter, and Adopter may terminate this Agreement for any material breach by AACS LA or Licensors, subject to the following provisions regarding whether the Party in breach is entitled to an opportunity to cure.

7.1.4.1. This Agreement may be terminated upon written notice to the Party being terminated, without opportunity to cure, in the case of a material breach that:

(i) is not fully curable within thirty (30) days of such notice, provided that a breach involving the shipment of a product that violates Section 3.0 shall be subject to 7.1.4.2, and shall be considered cured for purposes of this Section 7.1.4 only, if Adopter ceases shipping additional units of such product as soon as commercially reasonable and in any event no later than within thirty (30) days of notice, and during such 30

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days, ships only in the ordinary course of its business, consistent with past practice; or

(ii) is part of a pattern of behavior involving the repeated release of non-compliant products for which Adopter received prior notice of breach, whether or not Adopter cured such repeated breaches following such notice, or

(iii) is part of a pattern of behavior involving the repeated distribution of Licensed Components in violation of the distribution restrictions of Sections 2.3.1 and 2.3.2 for which Adopter received prior notice of breach, including repeated reports to AACS LA of the failure of Licensed Components to be received by the intended authorized recipient pursuant to clause (v) of the definition of "Licensed Component," whether or not Adopter cured such repeated breaches following notice.

7.1.4.2.   In all other cases, this Agreement may be terminated only if the Party being terminated is given written notice and fails to cure the breach within thirty (30) days of such notice.   In the case of a product that meets the definition of Robust Inactive Product, but if Activated would not, in fact, result in a Licensed Product, if Adopter prevents any new Activation of the AACS functions of additional units of such Robust Inactive Product or requires the installation of a Periodic Update curing the breach upon such Activation of additional units no later than thirty (30) days after receiving such notice, then further distribution of such Robust Inactive Product shall not constitute a breach for purposes of Sections 7 and 9 hereof.

7.1.5.   Avoidance of Legal Liability. In the event such action is necessary to avoid its potential legal liability, AACS LA may terminate this Agreement by providing thirty (30) days written notice to Adopter. Any Licensor may terminate its licenses to Necessary Claims and convert such licenses to equivalent covenants not to assert Necessary Claims, subject to equivalent defensive suspension qualifications, to the extent such action is necessary to avoid such Licensor's potential legal liability, by providing thirty (30) days written notice to Adopter.

7.1.6.   Bankruptcy. AACS LA may terminate this Agreement and any Licensor may terminate its licenses to Necessary Claims in the event that Adopter: (i) files in any court or agency pursuant to any statute or regulation of any state, country or jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of its assets; (ii) proposes a written agreement of composition or extension of its debts; (iii) is served with an involuntary petition against it, filed in any insolvency proceeding, and such petition is not dismissed within sixty (60) days after the filing thereof; (iv) proposes or becomes a party to

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any dissolution or liquidation; or, (v) makes an assignment for the benefit of its creditors.

7.2. Effect of Termination. Upon termination or expiration of this Agreement, all licenses granted to Adopter by the Licensors and AACS LA under Sections 2.2 and 2.3 shall terminate and Adopter shall promptly cease use of AACS Technology, and cease all activities under licensed rights under this Agreement, including but not limited to, use, evaluation, testing, development, production, manufacture, sale or distribution of products authorized by or licensed under this Agreement. Within thirty (30) days after termination or expiration of this Agreement, Adopter shall return all Confidential Information and Highly Confidential Information (including any AACS Keys not already incorporated in products Completed prior to the date of termination or expiration) to AACS LA or, at AACS LA's option, destroy all such information in its possession, retaining no copies thereof, and provide to AACS LA a written certification of such destruction, including a list of all unused AACS Keys that have been destroyed, Notwithstanding the foregoing:

7.2.1. If this Agreement expires or is terminated for reasons other than an a termination under Sections 7.1.3.2, 7.1.3.3, or 7.1.4, Adopter licensed under Section 2.3 shall be entitled to a ninety (90) day sell-off period for Licensed Products and Licensed Components (provided that Licensed Components are distributed only as permitted under Sections 2.3.1 and 2.3.2) that Adopter can demonstrate were Completed in the ordinary course of its business, consistent with past practice prior to the expiration or termination of this Agreement.

7.2.2. In the event that Adopter, prior to the date of such termination or expiration, manufactures, distributes or sells a product that contains a Robust Inactive Product and has other functionality that can be used without Activation, and without access to or use of the product's AACS functionality, then Adopter shall have the right to continue, subject to the terms and conditions of this Agreement, to manufacture, distribute and sell such product provided that, (i) after the date of such termination or expiration, Adopter shall not Activate , or facilitate the Activation, access to or use by others of the AACS functions of such Robust Inactive Products, and (ii) Adopter discontinues manufacture, distribution and sale of such product containing the Robust Inactive Product no later than two years following termination or expiration or such longer period as AACS LA shall approve in writing, provided that AACS LA shall not unreasonably withhold approval for a such longer period consistent with Adopter's normal product version cycles where (a) Adopter can demonstrate that the cost of removing AACS Technology from a Robust Inactive Product prior to the end of such extended period would be substantial; (b) the continued shipment of the Robust Inactive Product would not perpetuate a breach of this Agreement that would affect the security of AACS Technology or the security of AACS Content; (c) there have not been repeated breaches of this Agreement by Adopter; and (d) such extension would not otherwise compromise the commercial viability, integrity, security, or

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performance of the AACS Technology, or the security of AACS Content.

7.3. <u>Survival</u>. Sections 1, 2.4 (only with respect to surviving non-assertion covenants) 2.5, 2.6.1 through 2.6.7 (in each case, with respect to all versions of the Books that were or became Books during the term of this Agreement except as otherwise provided in 7.1.3.2 or 7.1.3.3), 2.7, 2.9, 2.10, 3.0 (only to the extent of modification of a Licensed Product distributed prior to termination, provided that in the event of a breach involving such a post-termination modification, Adopter shall, notwithstanding anything to the contrary in Section 7.1.4.1, have a commercially reasonable period to cure such breach before application of any remedies applicable thereto under Section 9), 3.3, 3.5, 3.6 and 6 through 11 and such other sections of this Agreement that, by their own terms survive termination or expiration of this Agreement, or need to survive to give effect to the survival of the foregoing, shall continue in full force after termination or expiration of this Agreement until by their terms they are fulfilled.

8. **DISCLAIMER & LIMITATION ON LIABILITY**

8.1. <u>Generally</u>. The following terms limit the ability of Adopter to recover any damages from AACS LA or the Licensors in excess of fees actually paid to AACS LA by Adopter. These provisions are an essential part of the bargain, without which neither AACS LA nor Licensors would be willing to enter into this Agreement.

8.2. <u>Disclaimer</u>. ALL INFORMATION, AACS TECHNOLOGY, AND SPECIFICATIONS ARE PROVIDED "AS IS." AACS LA, LICENSORS AND THEIR AFFILIATES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT. AACS LA, LICENSORS, AND THEIR AFFILIATES FURTHER DISCLAIM ANY WARRANTY THAT ANY IMPLEMENTATION OF THE SPECIFICATIONS OR COMPLIANCE RULES, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

8.3. <u>Limitation of Liability</u>. NONE OF AACS LA NOR LICENSORS NOR THEIR AFFILIATES, NOR ANY OF THEIR DIRECTORS, OFFICERS, AGENTS, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICIALS, OR EMPLOYEES ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY, THE "<u>AFFECTED PARTIES</u>") OR THEIR AFFILIATES SHALL BE LIABLE TO ADOPTER FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, INCLUDING TERMINATION OF THE AGREEMENT PURSUANT TO SECTION 7.1, OR BASED ON ANY PERSON'S USE OF OR MAKING, USING, SELLING OR IMPORTING ANY PRODUCTS OF ADOPTER THAT IMPLEMENT CONFIDENTIAL INFORMATION OR

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HIGHLY CONFIDENTIAL INFORMATION OR AACS TECHNOLOGY, REFERENCE CODE, OR SPECIFICATIONS, WHETHER UNDER THEORY OF CONTRACT, TORT, INDEMNITY, INTELLECTUAL PROPERTY INFRINGEMENT (DIRECT, CONTRIBUTORY OR OTHERWISE), PRODUCT LIABILITY, REGULATORY OR STATUTORY VIOLATION, OR OTHERWISE. TO THE EXTENT THAT ANY COURT OF COMPETENT JURISDICTION RENDERS JUDGMENT AGAINST ANY OF THE AFFECTED PARTIES NOTWITHSTANDING THE ABOVE LIMITATION, THE AFFECTED PARTIES' AGGREGATE LIABILITY TO ADOPTER IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE FEES PAID BY ADOPTER TO AACS LA HEREUNDER. ADOPTER AND ITS DIRECTORS, OFFICERS, AGENTS, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICIALS, OR EMPLOYEES ACTING IN THEIR CAPACITIES AS SUCH SHALL NOT BE LIABLE TO AACS LA, LICENSORS, OR THEIR AFFILIATES FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES BUT SHALL BE LIABLE FOR DAMAGES AS SET FORTH IN SECTION 9.

8.4. <u>Interoperability With Other Encrypted Blocks of Keys</u>. Adopter understands and agrees that the MKBs provided pursuant to this Agreement are unique to the AACS Technology and may not be interoperable with other encrypted blocks of keys licensed or distributed by any one or more of the Licensors or any third parties.

8.5. <u>Other Licenses</u>. Adopter acknowledges that it may require a license under patent claims other than the Necessary Claims licensed under this Agreement to implement the Specifications, including but not limited to the AACS Technology.

9. **REMEDIES**

9.1. <u>Indemnification for Wrongful Acts of Adopter</u>. Adopter shall indemnify and hold AACS LA, the Licensors, their Affiliates and their respective officers, members, representatives, agents, directors, equivalent corporate officials, and employees, harmless from and against any and all losses, claims, actions, suits, proceedings or litigation, and any losses, deficiencies, damages, liabilities, costs and expenses including without limitation, reasonable attorneys' fees and all related costs and expenses, to be paid or otherwise incurred in connection with the defense of any claim, action, suit, proceeding or litigation, to the extent resulting from any breach of any covenant, agreement, representation or warranty herein or negligent acts committed by Adopter or its or their employees or agents arising out of or in relation to the subject matter of this Agreement. With respect to the indemnity provided by Adopter for a breach of Section 3.8: (i) Adopter's responsibility shall extend only to amounts payable by AACS LA with respect to the use of the AACS Technology by or on behalf of Adopter in Licensed Products of Adopter and not to any amounts payable by AACS LA with respect to implementations or use of the AACS Technology by or on behalf of, or in products of, any person or entity other than Adopter, and (ii) such indemnification is the sole and exclusive remedy of each Indemnified Party with respect to Adopter's breach of Section 3.8, and is in lieu of all other legal and

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equitable remedies other than injunctive relief ordering the cessation of any continued breach of such Section.

9.2. <u>Device Inspection</u>. AACS LA or any Eligible Content Participant or Eligible Fellow Adopter may acquire products distributed hereunder on the open market for examination. Adopter agrees that upon notice given by AACS LA or any Eligible Content Participant (each, a "<u>Requesting Party</u>") that the Requesting Party reasonably and in good faith believes that a particular Implementation designed or manufactured by Adopter is in breach of this Agreement, Adopter shall provide reasonable cooperation in affording an independent expert designated by the Requesting Party acceptable to Adopter (which acceptance shall not be unreasonably withheld) an example of any product distributed hereunder and shall provide to the independent expert, under the terms of a reasonable non-disclosure agreement acceptable to Adopter and the independent expert, and that also includes protections for Confidential Information and Highly Confidential Information relating to the AACS Technology that are no less stringent than those provided for in this Agreement, the service manual for such product and any further details necessary for the independent expert to determine whether Adopter's product is in compliance with the Agreement. By way of example, such details include the executable object code, functional design diagrams, and block diagrams, but shall not include the source code, the Verilog Hardware Description Language ("VHDL") or similar highly confidential information. Beyond providing the independent expert with access to the aforementioned details, Adopter's active participation in such inspection shall be voluntary. Such inspection shall be at Requesting Party's expense and shall be conducted at mutually convenient times. Adopter shall not be precluded or estopped from challenging the opinion of such expert in any forum. Nothing in this paragraph shall limit the role or testimony of such expert, if any, in a judicial proceeding under such protective orders as a court may impose. This provision may not be invoked more than once per Implementation. Nothing in this Section 9.2 shall grant a license or permission for AACS LA, or any Licensor, Eligible Content Participant, Eligible Fellow Adopter or expert to decompile or disassemble Adopter's software object code.

Nothing in this Section 9.2 shall grant a license or permission for AACS LA or any Licensor, Eligible Content Participant or Eligible Fellow Adopter, or expert to take any actions or make use of information resulting from such examination or evaluation for any purpose other than for verifying and enforcing compliance with the terms of this Agreement. For the avoidance of doubt, experts may be engaged in connection with enforcement actions, but have no rights to initiate, or otherwise act on their own accord in, any enforcement action. AACS LA or any Licensor, Eligible Content Participant, or expert or, in the case that Adopter is acting as a Licensed Content Producer, any Eligible Fellow Adopter, that may participate in the examination of one or more of Adopter's products may otherwise use and disclose in its business the increased or enhanced knowledge retained in the unaided memories of its directors, employees, agents, or contractors as a result of exposure to such products of Adopter or the details provided hereunder and any increased experience that results from such exposure. No Party shall have any rights in any business endeavors of any other Party that may use such knowledge and experience nor any right to compensation

related to AACS LA's or any Licensor's, Eligible Content Participant's or Eligible Fellow Adopters' or expert's use of such knowledge and experience.

9.3.   Equitable Relief. Adopter agrees that AACS LA or a Third Party Beneficiary shall be entitled to seek injunctive relief to prevent further or threatened breaches of this Agreement according to the terms of this Section 9.3 provided that it first provides Adopter with (i) written notice and (ii) an opportunity to cure if and to the same extent that Adopter would have an opportunity to cure in the event that AACS LA were seeking termination under Section 7.1.4. Adopter agrees that if it breaches its obligations under Section 6, the Watermark Screening Obligations, or the Compliance Rules of this Agreement, and such breach is not cured or Adopter is not entitled to cure such breach following notice as provided for in Section 7.1.4, money damages may not provide adequate compensation. This is due to the unique nature of certain provisions of this Agreement and the lasting effect and harm from any breach of such provisions, including making available the means for and/or providing an incentive for widespread circumvention of AACS Technology and unauthorized copying of copyrighted content intended to be protected using AACS Technology. Adopter further agrees that, as provided by law, injunctive relief is an appropriate remedy to prevent or limit the adverse consequences of actual or threatened breaches of this Agreement that are not cured or which Adopter is not entitled to cure consistent with Section 7.1.4, provided that any injunctive relief designed to remedy a breach of the Watermark Screening Obligations shall be limited to prohibiting the further sale of units in breach of such obligations, or further Activation of units of Robust Inactive Products unless such Activation includes the download of a Periodic Update eliminating the breach in such units. AACS LA agrees that systemic failures of the AACS Technology, or any aspect of the AACS Technology, that are not caused by breaches by Adopter shall not trigger application of the provisions of this Section 9.3 to Adopter and/or its products.

9.4.   Damages Measures and Limitation for AACS LA Claims. Adopter agrees that AACS LA or a Third Party Beneficiary shall be entitled to seek liquidated damages according to the terms of this Section 9.4 provided that AACS LA or a Third Party Beneficiary first provides Adopter with (i) written notice of breach and (ii) an opportunity to cure if and to the same extent that Adopter would have an opportunity to cure in the event that AACS LA were seeking termination under Section 7.1.4. The Parties agree that it may be impossible to estimate the amount of damages in the event of certain breaches. Adopter agrees that in the event of those material breaches by Adopter described below in Sections 9.4.1-9.4.5, in addition to any other remedies in equity, but in lieu of any and all other claims by AACS LA for monetary damages, Adopter shall be liable to AACS LA for liquidated damages for each material breach that is not cured or which Adopter is not entitled to cure following notice consistent with Section 7.1.4 in the amount set forth below, such amounts to be the exclusive monetary remedies available to AACS LA for any and all such breaches by Adopter. For purposes of this Section 9.4, a series of substantially related events shall constitute a single material breach. For the avoidance of doubt, in the event that Adopter pays the amount designated in Sections 9.4.1-9.4.5 or 9.4.6.2 in connection with a material breach by Adopter of this Agreement, Adopter shall have no further liability to AACS LA, or the Licensors in their capacity as Licensors, or the constituent entities of AACS LA in their capacity as constituent entities of AACS

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LA, for additional monetary damages (regardless of legal theory (e.g. negligence) based in whole or in part on the act(s) or omission(s) of Adopter that gave rise to such material breach, except insofar as Section 9.4.6.1 may apply.

9.4.1. Material Breach of Confidentiality Provisions. Without limitation of any amounts for which Adopter may be liable to AACS LA under Section 9.4.2, in the event of a material breach of the confidentiality provisions set forth in Sections 6.1 through 6.4 and Section 6.12 of this Agreement, Adopter shall be liable to AACS LA for one million U.S. dollars (US$1,000,000). For purposes of this Section 9.4.1 a breach shall be "material" only if it has resulted in or would be likely to result in commercially significant harm to other users of AACS Technology, including but not limited to Fellow Adopters and Content Participants, or constitute a threat to the integrity or security of the AACS Technology or the security of AACS Content. In addition, the following is a non-exclusive list of circumstances in which the provisions of this Section 9.4.1 above shall not apply: (i) if no Confidential Information and/or Highly Confidential Information was released to a third party not permitted hereunder to have such information or could reasonably have been expected to have been released to such third party as a result of the breach; (ii) if Adopter maintains a documented internal program to assure compliance herewith (including a program to assure maintenance of inventory, samples, and confidentiality of information for purposes in addition to compliance with this Agreement), the breach was inadvertent or otherwise unintentional, and the breach did not have a material adverse effect on the integrity or security of the AACS Technology or the security of AACS Content; or (iii) if Adopter brought the breach to AACS LA's attention in a timely manner as required by this Agreement and such breach did not have a material adverse effect on the integrity or security of the AACS Technology or the security of AACS Content.

9.4.2. Material Breach of Compliance or Robustness Rules. In the event of a material breach of the applicable Compliance Rules, other than a breach covered by Sections 9.4.4 or 9.4.5, that involves the manufacture or distribution of devices or software that fail to protect the integrity or security of the AACS Technology or the security of AACS Content, Adopter shall be liable to AACS LA in the amount of eight million dollars (US$8,000,000). AACS LA agrees that systemic failures of the AACS Technology, or any aspect of the AACS Technology, that are not caused by breaches by Adopter shall not trigger application of the provisions of this Section 9.4.2 to Adopter and/or its products.

9.4.3. Misdistributions of Licensed Components. In the event of a material breach that involves the distribution of a Licensed Component containing a Device Key in violation of the distribution restrictions of Sections 2.3.1 and 2.3.2, other than in cases where Adopter has reported to AACS LA the failure of Licensed Components to be received by the intended authorized recipient pursuant to Section

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1.53(v), Adopter shall be liable to AACS LA in the amount of eight million U.S. dollars (US$8,000,000).

9.4.4. <u>Material Breach of Watermark Screening Obligations</u>. In the event of a material breach of the Watermark Screening Obligations, Adopter shall be liable to AACS LA in the amount of one million U.S. dollars (US$1,000,000) per Implementation subject to the breach.

9.4.5. <u>Material Breach of Section 3.7</u>. A Licensed Content Producer that materially breaches Section 3.7 shall be liable to AACS LA in the amount of one million U.S. dollars (US$1,000,000) per title of Digital Entertainment Content in breach of Section 3.7 produced.

9.4.6. <u>Breaches Triggering Expiration of AACS Keys.</u>

9.4.6.1. In the event of a material breach for which Adopter is not liable under Section 9.4.1 or Section 9.4.2 because Adopter has cured such breach in accordance with Section 9.4, if such cured breach leads to Expiration under Section 10, then Adopter shall be liable to AACS LA for actual damages resulting from such breach including but not limited to the costs of: (i) Expiring AACS Keys or Key Sets and prosecuting any arbitration relating to such Expiration under Section 10, (ii) investigation, analysis and testing; and (iii) replacement AACS Keys that AACS LA may issue to other AACS Licensees.

9.4.6.2. In the event of a material breach for which Adopter is liable under Section 9.4.1 or Section 9.4.2 because Adopter was eligible to cure such breach under 9.4 (and the incorporated standards set forth in 7.1.4) but failed to do so within the thirty day period, if such breach leads to Expiration under Section 10, then the amount that Adopter would otherwise be liable to pay under Section 9.4.1 or Section 9.4.2 shall be reduced by fifty percent (50%) if Adopter consents to Expiration rather than invoking its right to arbitration under Section 10.4.4 in recognition of the fact that avoiding delay in Expiration while arbitration is completed will help to reduce the damage caused by the breach.

9.5. <u>Other Material Breaches</u>. Adopter agrees that AACS LA shall be entitled to seek actual damages according to the terms of this Section 9.5 provided that AACS LA or a Third Party Beneficiary first provides Adopter with (i) written notice and (ii) an opportunity to cure if and to the same extent that Adopter would have an opportunity to cure in the event that AACS LA were seeking termination under Section 7.1.4. In the event of a material breach that involves any provision of this Agreement, other than Sections 2.6, 2.9 and 2.10 or those covered by Sections 9.4.1, 9.4.2, 9.4.3, 9.4.4, 9.4.5, or 9.4.6, and such breach is not cured or Adopter is not entitled to cure following notice consistent with Section 7.1.4, Adopter shall be liable to AACS LA for actual damages up to but not in excess of eight million U.S. dollars (US$8,000,000). AACS LA agrees that systemic

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failures of the AACS Technology, or any aspect of the AACS Technology, that are not caused by breaches by Adopter shall not trigger application of the provisions of this Section 9.5 to Adopter and/or its products.

9.6. Third Party Beneficiary Rights. The Parties agree that Adopter's compliance with the terms and conditions of this Agreement is essential to maintain the value and integrity of the AACS Technology and that such compliance is an integral part of the next generation Digital Entertainment Content business, and as such is a matter of concern to all industry participants. As part of the consideration granted herein, Adopter agrees that each Eligible Content Participant and Eligible Watermark Content Participant shall be a Third Party Beneficiary of this Agreement and shall be entitled to bring a claim or action to enforce certain rights against Adopter in accordance with the procedures set out in this Section 9, with respect to Adopter's compliance with the terms and conditions of this Agreement, provided that only Eligible Watermark Content Participants shall be entitled to bring such a claim or action based upon an alleged breach of the Watermark Screening Obligations, in which case Eligible Watermark Content Participants shall be substituted for all references to Eligible Content Participant in Sections 9.6.1, 9.6.2, and 9.7 in determining the applicable procedures and remedies.

9.6.1. Prior to bringing any Third Party Beneficiary Claim hereunder, an Eligible Content Participant must send notice of breach to Adopter, with a copy to AACS LA, which notice shall trigger the cure period, if any, provided under Section 9.3 and/or 9.4 depending on the remedy or remedies sought..

9.6.2. If Adopter fails to cure a breach of this Agreement following notice from Eligible Content Participant or is not entitled to an opportunity to cure as provided in 9.6.1, 9.3 and 9.4 as applicable, the Eligible Content Participant's rights will be limited to seeking injunctive relief and/or liquidated damages with respect to: (i) the offer for sale, distribution or other transfer of Licensed Components other than in accordance with this Agreement, including without limitation Section 2.3 hereof; (ii) the manufacture, distribution, commercial use and sale of Adopter's implementations of AACS Technology that are in breach (in the case of injunctive relief) or material breach (in the case of liquidated damages) of any obligations hereunder to comply with the Compliance Rules; and (iii) any disclosure of Confidential Information or Highly Confidential Information that materially and adversely, or in the case of injunctive relief could adversely, affect the integrity of the AACS Technology or the security of Digital Entertainment Content owned or controlled by Content Participants.

9.7. Damages Measures and Limitation for Eligible Content Participant Third Party Beneficiary Claims. Adopter agrees that it may be impossible to estimate the amount of damages in the event of certain breaches. Adopter agrees that Eligible Content Participant, together with any other Eligible Content Participant joining in such Third Party Beneficiary Claim pursuant to the procedure set forth in Section 9.10 below, in addition to any other remedies in equity, but in lieu of any and all other claims for monetary damages under this Agreement available to

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such Third Party Beneficiaries for such material breach by Adopter, may bring an action to recover liquidated damages in the amounts, and subject to the same terms and limitations, including notice and opportunity to cure, if any, under 9.4, that AACS LA could otherwise recover under 9.4.1 and/or 9.4.2 and/or 9.4.3 and/or 9.4.4 and/or 9.4.5, provided that in the case of 9.4.5, an Eligible Content Participant shall only be entitled to bring such a Third Party Beneficiary Claim based on breaches involving Licensed Content Products with which it is associated as a source in the titles, credits or packaging. The amounts recovered in such a Third Party Beneficiary Claim shall be used first to reimburse such Eligible Content Participant's actual attorneys' fees (payable to no more than one law firm, regardless of whether individual Third Party Beneficiaries retain separate counsel) and legal costs in excess of any amount recovered pursuant to Section 9.13, and the amount remaining after such reimbursement shall be paid over to AACS LA to be used, in AACS LA's reasonable discretion, in a manner designed to benefit all AACS LA licensees, such as, for example, through a general reduction in fees paid by Fellow Adopters, Content Participants and Content Providers, or to fund or offset the costs of enforcing Approved Licenses

9.8.   Fellow Adopter Third Party Beneficiary Claims. The Parties agree that each AACS licensee's compliance with the terms and conditions of its Approved License is essential to maintain the value and integrity of the AACS Technology and that such compliance is an integral part of the next generation Digital Entertainment Content business, and as such is a matter of concern to all industry participants. While a Fellow Adopter licensed under Section 2.3 (or comparable provision of another Adopter Agreement) is an Eligible Fellow Adopter, such Eligible Fellow Adopter: (i) shall be a Third Party Beneficiary of each Content Participant Agreement and Content Provider Agreement and shall be entitled to bring a claim or action to enforce rights against a Content Participant or Content Provider, in accordance with the third party beneficiary procedures set out in this Section 9 and the applicable Content Participant Agreement or Content Provider Agreement as referenced in Section 9.8.2, with respect to such Content Participant or Content Provider's compliance with certain of its obligations under its Content Participant or Content Provider Agreement and (ii) shall be a Third Party Beneficiary of each Adopter Agreement for which the applicable Fellow Adopter acts as a Licensed Content Producer and shall be entitled to bring a claim or action to enforce rights against a Fellow Adopter to the extent acting as a Licensed Content Producer, in accordance with the third party beneficiary procedures set out in this Section 9 (or comparable provisions of another Adopter Agreement), for breaches involving a pre-recorded product produced by or using AACS Technology manufactured or distributed by such Fellow Adopter that is not in Compliance with the Compliance Rules and Specifications or that violates Section 3.7. While a Fellow Adopter licensed under Section 2.3 (or comparable provision of another Adopter Agreement) is an Eligible Managed Copy IP Exception Fellow Adopter it shall be a Third Party Beneficiary of each Content Participant Agreement and Content Provider Agreement and shall be entitled to bring a claim or action to enforce rights against a Content Participant or Content Provider relating to assertion of the Managed Copy IP Exception, (as such term is defined under those agreements), in accordance with the third party beneficiary procedures set out in this Section 9 and the applicable Content Participant Agreement or Content Provider Agreement as referenced in Section 9.8.2, with

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respect to such Content Participant or Content Provider's compliance with certain of its obligations under its Content Participant or Content Provider Agreement.

9.8.1. Prior to bringing any Third Party Beneficiary Claim against a Fellow Adopter, an Eligible Fellow Adopter must send notice of breach to such Fellow Adopter, with a copy to AACS LA, which notice shall trigger the cure period, if any, available under Section 9.3 and/or 9.4 (or comparable provisions of another Adopter Agreement) depending on the remedy or remedies sought. Adopter agrees that an Eligible Fellow Adopter, together with any other Eligible Fellow Adopter joining in such Third Party Beneficiary Claim pursuant to the procedure set forth in Section 9.10 below, in addition to any other remedies in equity, but in lieu of any and all other claims for monetary damages under this Agreement available to such Third Party Beneficiaries for such material breach by Adopter, may bring an action to recover liquidated damages in the amounts, and subject to the same terms and limitations, including notice and opportunity to cure, if any, under Section 9.4, that AACS LA could otherwise recover under Section 9.4.5, provided that any such amounts recovered shall be used first to reimburse such Eligible Fellow Adopter's actual attorneys' fees (payable to no more than one law firm, regardless of whether individual Third Party Beneficiaries retain separate counsel) and legal costs in excess of any amount recovered pursuant to Section 9.10, and the amount remaining after such reimbursement shall be paid over to AACS LA to be used, in AACS LA's reasonable discretion, in a manner designed to benefit all AACS LA licensees, such as, for example, through a general reduction in fees paid by Fellow Adopters, Content Participants and Content Providers, or to fund or offset the costs of enforcing Approved Licenses.

9.8.2. The rights of an Eligible Fellow Adopter or an Eligible Managed Copy IP Exception Fellow Adopter to bring a Third Party Beneficiary Claim pursuant to a Content Participant Agreement or Content Provider Agreement shall be as set out in such agreements. Such agreements are available on the AACS web site.

9.9. <u>Procedures for Third Party Beneficiary Claims</u>. Prior to initiating any Third Party Beneficiary Claim pursuant to Sections 9.6 or 9.8, the Third Party Beneficiary seeking to institute such a claim shall provide AACS LA written notice of its intent to pursue such a claim. Such Third Party Beneficiary shall likewise provide AACS LA notice of the actual filing of any Third Party Beneficiary Claims, and shall at AACS LA's request provide copies of material documents to be filed in such Third Party Beneficiary's initiation, institution or pursuit of such Third Party Beneficiary Claim. AACS LA shall offer reasonable cooperation to such Third Party Beneficiary in providing appropriate and necessary information in connection with the beneficiary claim to the extent that such cooperation is consistent with protecting the integrity and performance of the AACS Technology or the security of AACS Content and does not otherwise interfere with AACS LA's obligations to other Fellow Adopters, Content Participants or Content Providers. Third Party Beneficiaries shall not be obligated to provide copies of documents filed or to be filed under seal. AACS

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LA shall have the option of requiring that any information or documents provided by AACS LA or Licensors, Content Participants, Content Providers or Fellow Adopters to Third Party Beneficiary be filed under seal. Documents provided to AACS LA under the procedures set out herein shall not include any documents filed or to be filed under seal in connection with such Third Party Beneficiary Claim.

9.10. <u>Joining Third Party Beneficiary Claims</u>. AACS LA shall provide timely notice to all Content Participants that have notified AACS LA of their eligibility as an Eligible Content Participant (in the case of a Third Party Beneficiary Claim against a Fellow Adopter other than a Fellow Adopter to the extent acting as a Licensed Content Producer) or Fellow Adopters that have notified AACS LA of their eligibility as an Eligible Fellow Adopter (in the case of a Third Party Beneficiary Claim against a Content Participant, Content Provider or Fellow Adopter to the extent acting as a Licensed Content Producer) of receipt of any notice of a Third Party Beneficiary Claim against such defendant ("<u>Defendant</u>"). Within thirty (30) days of the date of receipt of such notice, all eligible Third Party Beneficiaries shall elect whether to join the Third Party Beneficiary Claim and provide notice of intent to join such Third Party Beneficiary Claim to AACS LA. The failure to provide notice to AACS LA and to move to join such Third Party Beneficiary Claim within the allotted thirty (30) day period, or the subsequent withdrawal from such Third Party Beneficiary Claim shall be deemed a waiver of the applicable Content Participant's and/or Fellow Adopter's Third Party Beneficiary right under the respective Content Participant Agreement and Adopter Agreement with respect to all Third Party Beneficiary Claims against Defendant arising out of the alleged breach asserted by the Third Party Beneficiary. The Third Party Beneficiary instituting or initiating a Third Party Beneficiary Claim shall support, and Defendant shall not object to, any motion to so join provided it is instituted within the thirty (30) day period following receipt of notice of such Third Party Beneficiary Claim. Neither a Content Participant's or a Fellow Adopter's failure to notify and consult with AACS LA or provide AACS LA with relevant documents, nor AACS LA's failure to give notice or provide copies to any Content Participant or Fellow Adopter in accordance with these Third Party Beneficiary procedures shall be a defense to any Third Party Beneficiary Claim or grounds for a request to delay the granting of preliminary relief requested.

9.11. <u>Settlement of Third Party Beneficiary Claims</u>. Third Party Beneficiaries shall have no right to, and Adopter licensed under Section 2.3 agrees that it shall not, enter into any settlement that: (1) amends any material term of this Agreement or another Approved License; (2) has an adverse effect on the integrity/and or performance of the AACS Technology or the security of Digital Entertainment Content protected by AACS Technology; or (3) adversely affects or lowers the value of any of AACS LA's or the Licensors' rights in and to the AACS Technology or any intellectual property right related to it (embodied therein) unless AACS LA and the Licensors shall have provided prior written consent thereto.

9.12. <u>No Limitation of Remedies</u>. Notwithstanding anything else to the contrary contained in this Agreement or any Content Participant Agreement, Content Provider Agreement or other Adopter Agreement, a Third Party Beneficiary's

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exercise of its Third Party Beneficiary rights under this Section 9 shall not constitute an election against any statutory or other extra-contractual remedy against Adopter, another Fellow Adopter, Content Participant, or Content Provider, as the case may be, such as an action for infringement of copyright, or patent, or an action for circumvention of an effective technological measure pursuant to the Digital Millennium Copyright Act, which may be available to the Third Party Beneficiary for the same act that gave rise to the Third Party Beneficiary Claim.

9.13. Prevailing Party Attorneys' Fees. The prevailing party in any action to enforce any remedy available under this Section 9 (a "Claim") shall be entitled to an award of its reasonable attorneys' fees incurred in relation to the Claim, in an amount to be fixed either pursuant to stipulation by the parties to a given case or the court provided that if it is AACS LA or a Third Party Beneficiary acting as a plaintiff, such plaintiff must establish by clear and convincing evidence that the defendant Fellow Adopter, Content Participant or Content Provider has materially breached or engaged in a pattern or practice of breaching the relevant Approved License.

9.14. Multiple Actions. In the event that more than one party consisting of AACS LA and/or one or more Third Party Beneficiaries bring one or more actions under this Agreement to recover liquidated damages from Adopter based on the same event or series of substantially related events giving rise to a material breach, Adopter's liability shall not exceed the amount available under Section 9.4, and Adopter shall not be liable to pay such amounts more than once based on the existence of such multiple actions and/or parties.

10. **EXPIRATION OF AACS KEYS AND SUSPENSION OF KEY ORDERS**

10.1. Expiration Generally. Adopter understands and agrees that if AACS LA determines that circumstances warranting Expiration of an AACS Key exist, and such AACS Key has been used in more than one Licensed Product, Expiration of such AACS Key may affect all Licensed Products incorporating said AACS Key. The types of AACS Keys and the procedures applicable for their assignment, use and expiration are set forth in the Compliance Rules and this Section 10.

10.2. Proactive Renewal and Automatic Expiration of Shared Device Keys. The Compliance Rules provide for circumstances and procedures according to which Shared Device Keys are to be proactively renewed. In the event Adopter elects to use a Shared Device Key in a Licensed Product or Licensed Component or Robust Inactive Product, Adopter agrees that (i) AACS shall distribute Expiration Information to Expire such Shared Device Key in the first regularly scheduled MKB occurring on or after a date seventeen (17) months from the date on which such shared Device Key was delivered to Adopter by AACS LA, and (ii) in the event that such a Shared Device Key is to be Expired sooner pursuant to one of the criteria set forth in Section 10.3 and the procedures set forth in Sections 10.4 and 10.5, Adopter shall, for a period of ninety (90) days beginning on the date that AACS LA would otherwise distribute Expiration Information to expire such Shared Device Key under Section 10.5, make a good faith effort to use its Proactive Renewal mechanisms (as defined in the Compliance Rules) to replace the to-be-Expired Shared Device Key in a substantial majority of

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Licensed Products containing such Shared Device Key. For the avoidance of doubt, nothing in (ii) shall require Adopter to forego its right to object to Expiration and seek arbitration pursuant to Sections 10.4 and 10.5.

10.2.1. In the event that clause 10.2(ii) applies, AACS LA shall delay its release of new MKBs containing the Expiration Information relating to such Shared Device Key for a period of sixty (60) days from the date such release would otherwise have occurred, provided that AACS LA may, in its discretion, delay such delivery of Expiration Information for up to an additional ninety (90) days if requested to do so by Adopter where Adopter is proposing a viable means for remedying in its already distributed products the vulnerability that gave rise to the grounds for Expiration, and further provided that recipient Fellow Adopters, Content Participants and Content Providers shall not allow Licensed Products and Licensed Content Products containing such new MKBs to be sold to consumers for an additional thirty (30) days following such release. For avoidance of doubt, nothing in the foregoing section shall prohibit Fellow Adopters, Content Participants and Content Providers from continuing to sell Licensed Products and Licensed Content Products containing the previous version of the MKB to consumers during such period in a manner otherwise consistent with the terms of their respective Approved Licenses.

10.3. Other Circumstances Warranting Expiration. AACS LA, at its own initiative, or, except in the case of Sections 10.3.3 or 10.3.6, at the initiative of any Eligible Fellow Adopter, or Eligible Content Participant, may Expire a Device Key, a Device Key Set, Host Private Key, Drive Private Key or Sequence Key or Sequence Key Set when:

10.3.1. such AACS Key has been cloned such that the same AACS Key is found in more than one device or Licensed Product other than as set forth in the Compliance Rules for products implementing Shared Device Keys;

10.3.2. such AACS Key or Key Set has been (i) made public, lost, stolen, intercepted or otherwise misdirected, or (ii) extracted or disclosed except to the extent permitted by this Agreement (in any instance of (i) or (ii), "Exposed");

10.3.3. AACS LA is directed to Expire such AACS Key or Key Set by the National Security Agency, court order, or other competent government authority;

10.3.4. such AACS Key correlates to a Licensed Component that was reported by Adopter as having been shipped to but not received by an intended authorized recipient pursuant to Section 1.53(v);

10.3.5. such AACS Key correlates to a specific unit of a Licensed Product (in the case of unique keys) or to any unit of a Licensed Product (in the case of Shared Device Keys) where such unit or any unit, respectively,

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has been used for unauthorized extraction, distribution, reproduction or transmission of secret AACS Keys or Title Keys;

10.3.6. such AACS Key is reasonably found by AACS LA to be subject to imminently being Exposed on the basis that it:

(i) correlates to a specific unit (in the case of unique keys), or units (in the case of Shared Device Keys) of a Licensed Product that has a confirmed vulnerability (provided that such vulnerability is not the result of a systemic failure of the AACS Technology or any aspect of the AACS Technology) for which a concrete exploit can be demonstrated in which such an AACS Key can be Exposed, and AACS LA reasonably finds that such vulnerability is likely to imminently be so exploited by unauthorized parties to Expose such AACS Key, provided that if the Adopter objects to expiration pursuant to Section 10.4.5, then in an arbitration pursuant to Section 10.5.2 Expiration shall not be required unless the arbitrator finds, in addition to the foregoing, that the vulnerability is an implementation vulnerability in violation of the Compliance Rules. The finding by the arbitrator on the issue of whether or not Adopter's implementation is in breach of the Compliance Rules shall be binding only as to Expiration, and shall not be admissible by Adopter, AACS LA or any Third Party Beneficiary in any subsequent litigation concerning other remedies for alleged breaches of the Compliance Rules, or

(ii) there has been a violation of the requirements of Sections 6.3.1 and 6.3.2 for handling of AACS Keys, through which violation AACS LA reasonably finds it likely that such AACS Key imminently will be Exposed. Prior to giving the fifteen (15) day notice required under Section 10.4.4 in order to seek Expiration under this section 10.3.6, AACS LA must give Adopter ten (10) days advance notice of its intent to issue such an Expiration notice, setting forth the basis for a good faith belief that the threat of imminent Exposure under the circumstances of (i) or (ii) above exists ("Advance Notice"). During such Advance Notice period, Adopter may provide information in its possession that refutes information in the Advance Notice, which AACS LA shall consider prior to giving actual notice of initiation of the Expiration process.

10.3.7. Adopter consents in writing to a request from AACS LA for Expiration.

(the "Expiration Criteria"). Without limiting the foregoing, AACS LA shall not Expire AACS Keys (a) based on Adopter's breach of this Agreement, other than where Adopter has caused any of the circumstances set forth in Sections 10.3.1 through 10.3.7 above; or (b) to disable products or devices where the security of the AACS Technology has been compromised by third parties, other than as described in Sections 10.3.1. through 10.3.7 above.

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10.4.   Notice of Proposed Expiration and Consultation with Affected Adopter.

10.4.1. In the event of Expiration based on Section 10.3.3, AACS LA shall not have any obligation to consult with the affected Fellow Adopter, and AACS LA shall Expire the relevant AACS Key(s) in a manner and with such reasonable notice as is consistent with the order leading to Expiration.

10.4.2. In the event of Expiration based on Section 10.3.4 AACS LA shall Expire the relevant AACS Key(s) as soon as possible following receipt of notice from Adopter.

10.4.3. In the event of Expiration based on Section 10.2, AACS LA shall Expire the relevant unique or Shared Device Key(s) as soon as possible on or following the date on which Expiration is permitted thereunder.

10.4.4. In all other cases, in the event AACS LA seeks to Expire an AACS Key on its own initiative, or receives a request to Expire an AACS Key based on a sworn affidavit (sufficiently detailed that an arbitrator can determine solely on the basis of such affidavit whether the facts averred are sufficient to satisfy the applicable Expiration Criteria) from an Eligible Content Participant or an Eligible Fellow Adopter that any Expiration Criteria has been met, AACS LA shall promptly provide Adopter with written notice setting forth the grounds for Expiration and/or a copy of any affidavit and request Adopter's consent to Expire the applicable AACS Key(s) and requesting a response from Adopter within fifteen (15) days, provided, however, that AACS LA may reject and decline to notify Adopter of an affidavit if the members of AACS LA unanimously conclude that, on its face, the affidavit fails to set forth in sufficient detail valid grounds for Expiration. In the event that Adopter fails to respond to such first notice within fifteen (15) days, AACS LA shall issue a second written notice stating that Expiration shall occur on or after the date ten (10) days following notice.

10.4.5. Adopter shall respond to AACS LA's request within fifteen (15) days of receiving notice and shall reasonably cooperate with AACS to provide information within this time frame identifying the Licensed Components, Robust Inactive Products or Licensed Products with which such AACS Key(s) are associated, if any, or stating that such AACS Key(s) were not included in any product manufactured, sold or otherwise distributed by Adopter, and confirming the AACS Key or AACS Keys that meet the Expiration Criteria. Adopter shall not unreasonably withhold its consent to Expire an AACS Key. Should Adopter reasonably believe that the asserted Expiration Criteria have not been met, Adopter shall provide AACS LA with written notice setting forth the reasons why the affidavit did not provide facts that would satisfy the applicable Expiration Criteria and supplying any additional facts in its own sworn affidavit that establish why the

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applicable Expiration Criteria has not been met, and shall thereafter promptly submit to arbitration in accordance with the procedures set forth in Section 10.5. If Adopter fails to respond to both a first and second notice under Section 10.4.4 within ten (10) days of the second notice, Adopter shall be deemed to have consented to Expiration and waives any right to object and seek arbitration on the grounds that the Expiration fails to meet one of the criteria set forth in Sections 10.2 and 10.3.

10.5. <u>Procedures for Expiration and Arbitration</u>.

10.5.1. In the event of Expiration under Sections 10.2, 10.3.3 and 10.3.4, or if Adopter consents to expiration following receipt of notice pursuant to Section 10.4, or if Adopter fails to respond to both a first and second notice within the time periods stated under Section 10.4.4, AACS LA shall initiate the Expiration of the applicable AACS Keys by promptly delivering or causing to be delivered to all Fellow Adopters, Content Participants and Content Providers relevant Expiration Information, provided that AACS LA may, in its discretion, delay such delivery of Expiration Information for up to an additional ninety (90) days if requested to do so by an Adopter that has consented to Expiration and is proposing a viable means for remedying in its already distributed products the vulnerability that gave rise to the grounds for Expiration.

10.5.2. If Adopter serves notice on AACS LA objecting to AACS LA's request to Expire within fifteen (15) days of a first notice or ten (10) days of a second notice under Section 10.4.4 the matter shall be submitted to arbitration between the party submitting the affidavit in support of expiration and Adopter, except that if the Expiration request is made on AACS LA's own initiative, the arbitration shall be between AACS LA and Adopter. At such arbitration the party or parties seeking Expiration shall bear the burden of proof to demonstrate by a preponderance of the evidence that at least one of the applicable Expiration Criteria has been met. Upon a finding by the arbitrator that the Expiration Criteria has been met, AACS shall initiate the Expiration of the applicable AACS Keys by promptly delivering or causing to be delivered to all Fellow Adopters, Content Participants and Content Providers relevant Expiration Information, provided that recipient Fellow Adopters, Content Participants and Content Providers shall not allow Licensed Products and Licensed Content Products containing such new MKBs to be sold to consumers for an additional thirty (30) days following such finding.

10.5.3. Any arbitration pursuant to this Section 10.5 shall be conducted in accordance with the following procedures:

(a) There shall be a sole arbitrator who shall be selected by the American Arbitration Association from its National Panel of Commercial Arbitrators and who shall have at least fifteen (15) years of relevant experience.

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(b) The arbitration shall be conducted in New York, N.Y. in accordance with the International Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted in English.

(c) The arbitrator may conduct the arbitration in such manner as it shall deem appropriate, including the imposition of time limits that it considers reasonable for each phase of the proceeding, but with due regard for the need to act, and make a final determination, in an expeditious manner. The arbitrator shall set a schedule to endeavor to complete the arbitration within one (1) month.

(d) The arbitrator shall permit and facilitate such limited discovery as he or she shall determine is reasonably necessary, taking into account the needs of the parties and the desirability of making discovery as expeditious and cost-effective as possible.

(e) The parties and the arbitrator shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator as Confidential Information; provided, however, that AACS LA shall be entitled to access to all such information whether or not it is a party to such arbitration and shall be permitted to disclose information from such arbitration to the arbitrator to any subsequent arbitration under this Section 10.5 when such information is relevant to the consistent resolution of such subsequent arbitration. In addition, and as necessary, the arbitrator may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.

(f) The arbitrator is empowered solely to determine whether any of the Expiration Criteria have been met. The determination of the arbitrator shall be final and binding on the parties, except that whether the arbitrator exceeded his or her authority shall be fully reviewable by a court of competent jurisdiction. The parties agree that judgment upon any decision may be entered in a court of competent jurisdiction.

(g) The arbitrator shall be compensated at his or her hourly rate, determined at the time of appointment, for all time spent in connection with the arbitration, and shall be reimbursed for reasonable travel and other expenses. The arbitrator shall determine all costs of the arbitration, including his or her fees and expenses, the costs of expert advice and other assistance engaged by the arbitrator, the cost of a transcript and the costs of meeting and hearing facilities. The arbitrator shall assess the losing Party or parties the costs of the arbitration set forth in this subsection (g).

10.6. <u>Adopter Obligations Following Expiration</u>. In the case of Expiration of an AACS Key under circumstances that meet the criteria of Section 10.3.1, 10.3.2, 10.3.5, 10.3.6 or 10.3.7, Adopter shall undertake the following steps, and in the case of Expiration of an AACS Key under circumstances that meet the criteria of

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Section 10.3.3, Adopter shall take the steps set forth in 10.6.2, in order to demonstrate that the causes for such Expiration have been addressed:

10.6.1. Product Sample. Adopter shall provide, within a reasonable period not to exceed fifteen (15) days after AACS LA's request, one or more examples of Adopter's product or products in which the Expired AACS Key is used, as reasonably required by AACS LA for testing purposes.

10.6.2. Certification of MKB Effectiveness. Adopter shall certify to AACS LA, within ten (10) days of AACS LA providing it with a new MKB, that such new MKB is effective at preventing Adopter's product or products in which the Expired AACS Key is used from playing back or otherwise decrypting AACS content.

10.6.3. Affidavit or Expert Report on Possible Cause for Expiration. Adopter shall provide AACS LA with;

(a) an affidavit as provided for under 10.6.4 within ten (10) days of the earliest of (i) expiration of the second notice period under 10.4.4 without response; (ii) consent by Adopter to Expiration under 10.3.7, or (iii) the date of a finding by an arbitrator that the relevant Expiration Criteria has been met, or

(b) certification of an expert report as provided for under 10.6.5 within ninety (90) days, or such longer period as Adopter and AACS LA, both of whom shall act reasonably, may agree of the earliest of (i) expiration of the second notice period under 10.4.4 without response or (ii) consent by Adopter to Expiration under 10.3.7, or within thirty (30) days of the date of a finding by an arbitrator that the relevant Expiration Criteria has been met, whichever is applicable;

10.6.4. Affidavit on Keys. If Adopter believes that the Expired AACS Key(s) were neither obtained by unauthorized parties from, nor used for unauthorized purposes in, its product(s), then Adopter shall provide an affidavit stating either that:

(i) the Expired AACS Key(s) were not included in any product manufactured, sold or otherwise distributed by Adopter, provided that Adopter must have reported this in its response to AACS LA's notice under Section 10.4.4, and consented to such Expiration; or

(ii) Adopter has evidence that the Expired AACS Keys were neither obtained by unauthorized parties from, nor used for unauthorized purposes in its products in which case such affidavit shall set forth in reasonable detail the evidence underlying such statement.

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In response to such an affidavit, AACS LA may elect to obtain, and Adopter shall provide reasonable cooperation with the prompt completion of, an audit by a third party designated by AACS LA and reasonably acceptable to Adopter of Adopter's compliance with the requirements of Sections 6.3-6.6 concerning Highly Confidential Information. Such audit shall be at AACS LA's expense, unless the audit discloses that Adopter breached the requirements of Sections 6.3-6.6 concerning Highly Confidential Information, in which case Adopter shall pay for the costs of audit. In addition, if AACS LA is not reasonably satisfied that the information set forth in such affidavit rules out the possibility that the Expired AACS Keys were obtained by unauthorized parties from or used for unauthorized purposes in Adopter's product(s), AACS LA may, either in addition to or instead of such a third party audit, request, and Adopter shall, provide certification of an expert report as set forth in Section 10.6.5 within eighty (80) days of such request.

10.6.5. <u>Expert Report and Adopter Certification.</u> In all cases not covered by 10.6.4, or where AACS LA reasonably requests certification of an expert report under 10.6.4, Adopter shall obtain at its own expense a report by an approved expert, and based on such report, provide a certification to AACS LA.

10.6.5.1. AACS LA shall provide Adopter with a list of acceptable experts for use with regard to the particular vulnerability, and Adopter may use one from such list or another person or entity approved by AACS LA in advance. The expert shall be required to examine and report as to each Implementation in which the Expired Keys were used:

(i) that the expert has confirmed a vulnerability that could have led to the Expired AACS Keys being obtained by unauthorized parties from or used for unauthorized purposes in such product, and

(ii) the expert's comments on the adequacy of any changes proposed by Adopter to address such identified vulnerability; or

(iii) that the expert has been unable, after employing efforts reasonable for experts skilled in the art, to identify any vulnerability that could have led to the Expired AACS Keys being obtained by unauthorized parties from or used for unauthorized purposes in such product.

10.6.5.2. Adopter shall submit a certification to AACS LA by one of its officers that Adopter understands that it has an ongoing obligation to meet all applicable Compliance Rules, and that, taking into account the expert's report:

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(i) each product model in which the Expired Keys were used is in compliance with the Compliance Rules with respect to the matters addressed by the expert report, or

(ii) Adopter has made or will make changes to each product with an identified vulnerability to bring it into compliance with the Compliance Rules with respect to the matters addressed by the expert report (a "Remedied Product").

10.6.5.3. Adopter's failure to obtain the expert report and submit the certification within the time period required under this section 10.6.5 shall be an uncurable material breach of this Agreement.

10.6.6. Remedied Product. Adopter shall provide AACS LA with a sample of each Remedied Product updating a product in which the Expired Keys were used on or after the date on which it delivers its certification under Section 10.6.5 and at least five (5) days prior to releasing it for sale to consumers or OEMs. AACS LA may, but shall not be required to, provide feedback on such sample and Adopter shall not be required to delay its release in response to such feedback or lack of feedback. If the Certification Requirement Date has passed and any such Remedied Product is no longer an Acknowledged Product then Adopter must also submit a Test Unit and/or a completed Certification Questionnaire of each such Remedied Product for Compliance Testing at least five (5) days prior to releasing it for sale to consumers or OEMs, but may release such Remedied Product(s) for sale pending completion of Certification Testing, provided that it must immediately cease shipping such Remedied Product in the event that it fails Compliance Testing without prejudice to Adopter's ability to seek arbitration under Section 3.1 and resume shipping if the arbitrator finds in its favor, and provided further that in such case, the arbitrator shall have the discretion to order that the Adopter may continue shipment of the Remedied Product pending the completion of the arbitration if Adopter meets the burden of showing that it is likely to prevail on the merits of its contention that the determination of the Authorized Testing Center that the Remedied Product failed Compliance Testing was in error.

10.7. Keys Containing Errors. Prior to distributing AACS Keys to Adopter, AACS LA shall use reasonable care to verify, or cause its designee to use reasonable care to verify, that such Device Keys are correct. In the event that AACS LA determines that an error was contained in AACS Keys distributed to Adopter, AACS LA shall promptly (a) notify Adopter of such fact and shall cooperate with Adopter, and provide all reasonably requested information, so as to assist Adopter in mitigating the effect of such error, and (b) within one week, in the case of AACS Keys other that MKBs, and as soon as reasonably possible in the case of MKBs, following resolution of the cause of the error, issue to Adopter, without charge, replacement AACS Keys. AACS LA shall keep confidential, and not disclose to third parties, the fact that Adopter was issued erroneous AACS Keys, provided

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that AACS LA may disclose such information to the Founders without identifying Adopter, and provided further that AACS LA shall be relieved of such confidentiality obligation if Adopter makes such information publicly available or in any of the other circumstances described in Section 6.10. Notwithstanding anything to the contrary in this Agreement, Adopter shall have the right to notify its customers, distributors, resellers, and other third parties who could be affected by the error, of the error. In addition, in the event that one or more Fellow Adopters receives such an erroneous AACS Key, AACS LA shall make available to such Fellow Adopters, on a pass-through basis, the benefit of any ability that AACS LA has to recover for such Fellow Adopters' losses from any third party key generator that makes such AACS Keys under contract with AACS LA.

10.8. Key Order Suspension.

10.8.1. AACS LA may suspend the fulfillment of Adopter's orders for new keys, and inform Adopter in response to any order for new keys that its orders have been suspended, if:

(i) Adopter has not responded within fifteen (15) days to a first notice by AACS LA under Section 10.4.4 requesting consent to Expiration, in which case AACS LA's second written notice under 10.4.4. shall inform Adopter that fulfillment of its orders shall remain suspended until such time as Adopter responds to the second written notice by consenting to Expiration or contesting Expiration and demanding arbitration in the manner provided for under Section 10.4.5.

(ii); Adopter has failed to complete one or more of the steps required within the time required under Section 10.6.4, 10.6.5, and 10.6.6 following Expiration of the AACS Keys identified in such notices; and such suspension shall last until Adopter completes such step or steps or

(iii) any fees or other monies due to AACS LA are unpaid after the date on which they are due under this Agreement and such suspension shall last until Adopter makes all such required payments;

11. MISCELLANEOUS

11.1. Ownership. All Confidential Information and/or Highly Confidential Information, copyrights and patents, and media embodying any of the above as provided by AACS LA to Adopter shall remain the respective property of AACS LA, the Licensors, or their suppliers. Except as expressly provided herein, this Agreement does not give Adopter any license or other rights to any information provided under this Agreement.

11.2. Entire Agreement. Except as rights under this Agreement are affected/determined by the terms of Content Participant Agreements, this Agreement, the exhibits hereto and the Specifications constitute the entire agreement between the Parties with respect to the subject matter involved and supersede all prior oral or written agreements. This Agreement shall not be modified except in accordance with Section 4.2 or as otherwise specifically

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provided in this Agreement or by written agreement dated contemporaneously with or subsequent to the date of this Agreement and signed by all Parties.

11.3. Currency. All fees shall be paid to AACS LA or to its order in United States dollars by wire transfer or such other means as AACS LA may reasonably specify.

11.4. Assignment. The rights and licenses granted to Adopter by this Agreement are personal to Adopter and shall not be assigned or otherwise transferred except: (1) with the written approval of AACS LA and with respect to Necessary Claims, written approval of all of the Licensors; (2) to an Affiliate of the Executing Entity; or (3) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of Adopter or of all or substantially all of the outstanding capital stock or assets and obligations of the business unit of Adopter that is making use of the Confidential Information and/or Highly Confidential Information in its business activities or the surviving entity in a merger, reorganization, or other business combination; provided written notice of such assignment has been provided in advance to AACS LA and the surviving or acquiring company has agreed in writing to be bound by the terms of this Agreement. Subject to the limitations set forth in this Agreement, this Agreement shall inure to the benefit of and be binding upon the Parties, their successors and permitted assigns. AACS LA or Licensors may assign or transfer this Agreement to any person or entity that agrees to assume the transferor's obligations hereunder, and AACS LA shall provide Adopter with written notice of such assignment or transfer. Any transfer by Adopter to a third party of a patent having Necessary Claims shall be subject to Adopter's existing obligations, if any, under this Agreement. The inclusion in any agreement for assigning a Necessary Claim(s) of a provision that such assignment is subject to existing licenses and obligations to license imposed on Adopter by the agreement with AACS LA shall be sufficient to comply with this Section.

11.5. Purpose and Interpretation. In construing the terms of this Agreement, no presumption shall operate in any Party's favor as a result of its counsel's role in drafting the terms or provisions hereof. It is the parties' intention that the provisions of this Agreement and of the Specification shall be understood and interpreted to be consistent with the purposes of this Agreement, as set forth in the Whereas clauses (to control copying and prevent unauthorized distribution of copyrighted content) and, more specifically, as stated in the following: to protect AACS protected copyrighted content by limiting copying (other than creation of Transitory Images, as defined in the Compliance Rules) of such content to situations where the content owner has specifically permitted copying through online authorization or CCI (as defined in the Compliance Rules) settings and by preventing unauthorized redistribution of such content, including by limiting outputs that may carry such content to only those specifically authorized in the Compliance Rules.

11.6. Governing Law. THIS AGREEMENT, AND ALL THIRD PARTY BENEFICIARY CLAIMS BROUGHT PURSUANT TO IT, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, THE U.S.A., APPLICABLE TO

AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE.

11.7.   Consent to Jurisdiction. IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO OR IN CONNECTION WITH ANY THIRD PARTY BENEFICIARY CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, EACH PARTY IRREVOCABLY CONSENTS TO: (1) THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK, N.Y., THE U.S.A., EXCEPT THAT ADOPTER, IF IT HAS A PLACE OF BUSINESS IN CALIFORNIA, MAY BRING THIRD PARTY BENEFICIARY CLAIMS PURSUANT TO SECTION 9 IN CALIFORNIA, AND WITH RESPECT TO THIRD PARTY BENEFICIARY CLAIMS, ADOPTER CONSENTS TO JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF LOS ANGELES, CALIFORNIA, THE U.S.A.; AND (2) THE SERVICE OF PROCESS OF SAID COURTS IN ANY MATTER RELATING TO THIS AGREEMENT BY PERSONAL DELIVERY BY OVERNIGHT MAIL OR INTERNATIONAL COURIER, WHICH REQUIRES SIGNING ON RECEIPT, POSTAGE PREPAID, TO THE PARTIES AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, OR TO THE AGENT TO BE APPOINTED PURSUANT TO SECTION 11.8 BELOW. THE PARTIES AGREE TO WAIVE A JURY TRIAL ON ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

11.8.   Agent. ADOPTER SHALL APPOINT AN AGENT IN THE STATE OF NEW YORK OR CALIFORNIA FOR ACCEPTANCE OF SERVICE OF PROCESS PROVIDED FOR UNDER THIS AGREEMENT AND SHALL NOTIFY AACS LA OF THE IDENTITY AND ADDRESS OF SUCH AGENT WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE.

11.9.   Notice. Any notice required to be given under this Agreement shall be in writing and may be by email except in the case of notices under Sections 3.1.3.1, 3.1.4, 4.2, 7.1.4, 7.1.5, 9.3, 9.6.1 and 10.4.4 which shall be by overnight mail or international courier, which requires signing on receipt, postage prepaid, to the Parties at the address specified in this Agreement. Such notices shall be deemed served when received by addressee or, if delivery is not accomplished by reason of some fault of the addressee, when tendered for delivery. Any Party may give written notice of a change of address and, after notice of such change has been received, any notice or request shall thereafter be given to such Party at such changed address. For the avoidance of doubt, invoices under this Agreement may be delivered by email or regular mail to such address as is designated by Adopter.

11.10. Severability; Waiver. Should any part of this Agreement judicially be declared to be invalid, unenforceable, or void, the Parties agree that the part or parts of this Agreement so held to be invalid, unenforceable, or void shall be reformed by the entity having jurisdiction thereover without further action by the Parties hereto and only to the extent necessary to make such part or parts valid and enforceable. A waiver by any of the Parties hereto of any of the covenants or promises to be performed by the other Party(ies) or any breach thereof shall not be effective unless made in writing and signed by the waiving Party and shall not be

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construed to be a waiver of any succeeding breach thereof or of any covenant herein contained.

11.11. <u>Election of License Category and Identification of Affiliates And Subcontractors</u>. Upon execution of this Agreement, Executing Entity shall elect to become an evaluation licensee and/or a production licensee, by completing the initial election requirements on Exhibit A. Subsequent to execution of this Agreement, Executing Entity who has chosen to enter one license may enter a second license by submitting a revised Exhibit A which shall become a binding part of this Agreement upon receipt by AACS LA.

Executing Entity shall provide AACS LA with prompt written notice of:

(i) any of its Affiliates that will exercise license rights under Executing Entity's election under Exhibit A based on its status as an Affiliate of Executing Entity;

(ii) any party that will act as a permitted have designed or have made subcontractor to Executing Entity or any of its Affiliates under Adopter's election under Exhibit A; and

(iii) whether Executing Entity or any of its Affiliates, or any party under (i) or (ii) above, will be a Licensed Content Producer.

Remainder of this page intentionally left blank.

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SO AGREED AS OF THE DATE FIRST ABOVE WRITTEN.

This Agreement may be executed in multiple counterparts.

AACS LA:	**Adopter:**
By:	By:
Name:	Name:
Title:	Title:

Addresses for notices

AACS LA LLC:	Adopter:
c/o AACS Administration	
3855 SW 153rd Drive	
Beaverton, Oregon 97006 USA	

      Adopter and the Licensors agree and acknowledge that Adopter's and Licensors' sole rights, obligations and liabilities towards each other under this Agreement shall be as expressly set forth in the Agreement, and that the Parties below are Parties to the Agreement solely with respect to such express provisions.

Intel GF Inc.	International Business Machines Corp.
2200 Mission College Boulevard	New Orchard Road
Santa Clara, California 95052 USA	Armonk, New York 10504 USA

By:	By:
Name:	Name:
Title: Attorney-in-fact	Title: Attorney-in-fact
Date:	Date:

Panasonic Intellectual Property	Microsoft Corporation
Corporation of America	1 Microsoft Way
1 Panasonic Way	Redmond, Washington 98052 USA
Secaucus, New Jersey 07094, USA	

By:	By:
Name:	Name:
Title: Attorney-in-fact	Title: Attorney-in-fact
Date:	Date:

Signatures continued on following page

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SCA IPLA Holdings, Inc. (Sony)
550 Madison Avenue, 27th Floor
New York, NY 10022 USA

Toshiba America Information Systems, Inc.
9740 Irvine Boulevard
Irvine, California 92618 USA

By:_____
Name:_____
Title: Attorney-in-fact
Date:_____

By:_____
Name:_____
Title: Attorney-in-fact
Date:_____

Disney Technology Operations
and Licensing
500 S. Buena Vista Street
Burbank, California 91521 USA

Warner Brothers Entertainment, Inc.
4000 Warner Boulevard
Los Angeles, California 91522 USA

By:_____
Name:_____
Title: Attorney-in-fact
Date:_____

By:_____
Name:_____
Title: Attorney-in-fact
Date:_____

Remainder of this page intentionally left blank.

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EXHIBIT A

Evaluation/Production License Election

Evaluation License. Adopter elects to become an evaluation licensee, pursuant to Section 2.2 and agrees to comply with all applicable terms and conditions of this Agreement. Adopter's election shall be effective by checking the applicable box(es) below upon execution of this Agreement.

☐ **Initial Election**: Adopter elects, upon execution of this Agreement, the evaluation license pursuant to Section 2.2.

☐ **Revised Election**: Adopter elects, subsequent to execution of this Agreement, the evaluation license pursuant to Section 2.2.

Adopter authorized representative signature: _____

AACS LA confirmation signature: _____

Date of AACS LA confirmation of election: _____

Production License. Adopter elects to become an production licensee, pursuant to Section 2.2 and agrees to comply with all applicable terms and conditions of this Agreement.. Adopter's election shall be effective by checking the applicable box(es) below upon execution of this Agreement.

☐ **Initial Election**: Adopter elects, upon execution of this Agreement, the production license pursuant to Section 2.3.

☐ **Revised Election**: Adopter elects, subsequent to execution of this Agreement, the production license pursuant to Section 2.3.

☐ Adopter   Specify category(ies): ☐ Player Mfr. ☐ Recorder Mfr.

☐ Drive Mfr. ☐ Component Mfr. ☐ Media Mfr.

☐ Adopter's Affiliate(s) identified as follows:

_____

_____

☐ Licensed Content Producer

Adopter authorized representative signature: _____

AACS LA confirmation signature: _____

Date of AACS LA confirmation of election: _____

EXHIBIT B

Adopter Fees

1. <u>Annual Administrative Fees</u>. As provided in Section 5 of this Agreement, administrative fees are used to offset the costs associated with the AACS LA's administration of the AACS Technology. As a result, the administrative fees may vary in subsequent years due to an increase or decrease in AACS LA's administrative costs.

   AACS Adopter (Evaluation and/or Production)   US$ 25,000.00
       Includes one of the following sub-categories
       Add US$ 5,000.00 for each additional sub-category:
       - Player Manufacturer
       - Recorder Manufacturer
       - Drive Manufacturer
       - Component Manufacturer
       - Media Manufacturer

   AACS Licensed Content Producer   US$ 15,000.00

   Note: The maximum annual administrative fee for an Adopter selecting multiple categories is US$ 40,000.00. Content Participant and Content Provider administrative fees are part of a separate license agreement and fee schedule. Content Participant and Content Provider administrative fees, or any other administrative fees not listed above, are not combinable with Adopter administrative fees in order to reach the US$ 40,000.00 "cap" pursuant to the previous sentence.

2. <u>Withholding from Payments</u>

   Any Fees paid by Adopter hereunder shall be paid without deduction or withholding for or on account of any present or future tax, assessment, or governmental charge imposed or levied, unless in each case the withholding or deduction of such tax, assessment or governmental charge is required by law. In the event such withholding or deduction is so required, Adopter shall include with its payment written notification of such withholding and shall forward to AACS LA in a timely manner (but no later than ninety (90) days after such notification) evidence of such withholding adequate to permit AACS LA and/or the Licensors to claim relevant tax credits under applicable treaties. Adopter assumes full responsibility for remitting such withholding to the proper authority. Failure to provide suitable evidence of withholding shall result in the amount of the withholding being re-applied to Adopter's account as a balance in arrears.

3. Routing of Orders and Payments

All fees shall be paid to AACS LA or to its order in United States dollars by wire transfer or such other means as AACS LA may reasonably specify.

Key orders shall be directed to:

AACS LA, LLC
c/o AACS Administration
3855 SW 153rd Drive
Beaverton, OR 97006 USA
Tel.: +1-503- 619-0863
Fax: +1-503- 644-6708
Email (orders only): orders@aacsla.com
Email (all other issues): admin@aacsla.com

AACS LA shall provide wire transfer directions with each invoice, or upon request by Adopter.

4. Recordkeeping and Audits

Adopter will be invoiced for Unit Fees at the time its order is received, except for Annual Unit Fees for Type C Device Keys, which will be charged on an annual basis.

AACS LA shall have the right to audit Adopter's records as provided in the applicable Adopter Agreement for purposes of determining sufficiency of any payments hereunder.

5. Order Fulfillment Fees

Order Fulfillment Fees offset the costs associated with generating key orders.

Even if submitted at the same time, multiple requests for keys of a particular category or type will each be considered a separate "order", and therefore subject to a separate Order Fulfillment Fee.

6. Payment in Advance

All Fees (including Annual Unit Fees) are due and payable in advance of fulfillment of key orders by AACS LA. Key orders will not be fulfilled if any Fees are in arrears.

Unit Fees for Media

Optical Disc Unit Fees for Media

AACS for prerecorded media   N/A (charged to Content
Participant/Provider per
applicable Approved License.).

AACS for recordable media   US$ 0.02 per recordable disc

Order Fulfillment Fee: US$ 500.00 per order.

AACS for prerecorded media orders shall be limited to a maximum of one-hundred (100) Media Key Blocks ("MKBs"). Fees for recordable media are on a per-media basis, available in one (1) unit increments. A maximum of one-hundred (100) MKBs can be ordered at one time. When ordering MKBs, a manufacturer shall only order sufficient MKBs to cover anticipated recordable media production for the three-month period subsequent to the fulfillment of the order. In the event that production in the given three-month period is lower than anticipated, no more than one (1) order (*i.e.,* 1 MKB) may be carried over for use in the next three-month cycle.

Remainder of this page intentionally left blank.

Unit Fees for Devices

1. Fees for AACS Compliant Devices, whether implemented in hardware or software, and including such devices as players, recorders and player/recorders.

Adopter may elect to order either Type A Device Keys, for which Adopter shall pay the corresponding "Per-Device Unit Fee", or Type C Device Keys, for which Adopter shall pay the corresponding "Annual Unit Fee".

The Type C Device Keys fees may be applied across multiple of Adopter's product lines.

	Type A Device Keys (Enhanced Robustness) Per-Device Unit Fee	Type C Device Keys (Proactive Renewal) Annual Unit Fee	Tier
AACS Device with ECDSA*	US$ 0.10 per device	US$ 3,500.00 for up to 100K copies per year	1
		US$ 12,000.00 for up to 1M copies per year	2
		US$ 30,000.00 for up to 10M copies per year	3
		US$ 60,000.00 cap per year	4
AACS Device without ECDSA*	US$ 0.08 per device	US$ 3,000.00 for up to 100K copies per year	1
		US$ 10,000.00 for up to 1M copies per year	2
		US$ 25,000.00 for up to 10M copies per year	3
		US$ 50,000.00 cap per year	4

* ECDSA is the Host Private Key and Certificate

Order Fulfillment Fee: US$ 500.00 per order.
Orders for Type A keys shall be limited to a maximum of fifty thousand (50,000) Device Keys per order, and a minimum of one thousand (1000) keys per order and only in increments of one thousand (1000) keys. Order Fulfillment Fee also applies to additional Type C key orders in any year. Orders for Type C keys shall be ten (10) keys per order maximum, and a minimum of one (1) key per order. Device Keys for each category of device identified in the above schedule must be ordered separately, and are therefore subject to separate Order Fulfillment Fees.

Type 3 MKBs for Recorders: US$ 0.02 per device
        Annual cap US$ 2,000.00 for hardware or software implementations;
        may be applied across multiple of Adopter's product lines.

Order Fulfillment Fee: US$ 500.00 per order

2. Accounting for Device Unit Fees

If Adopter elects Type C Device Keys, Adopter shall file a report of actual copies of applications in which such Type C Device Keys were used no later than forty-five (45) days after the end of each one-year period commencing on the first day of the first calendar quarter following the Effective Date of this Agreement (the "Reporting Year". If Adopter exceeds the maximum number of units in the Tier specified for its Annual Unit Fee (the "Maximum Unit Number"), then AACS LA will invoice Adopter for fees corresponding to the Tier in which Adopter's number of units actually falls.

Under no circumstances will any overestimation and payment of Annual Unit Fees be refunded to Adopter.

Unit Fees for Drives

Fees for AACS Compliant Optical Drives

AACS Drives   US$ 0.02 per device

Order Fulfillment Fee: US$ 500.00 per order

Fees for Content Certificates

Fees for AACS Content Certificates

Content Certificates   Usage of Content Certificates is reported by and charged to Content Participants and Content Providers, as provided respectively in the Content Participant Agreement and Content Provider Agreement.

Order Fulfillment Fee: US$ 500.00 per order

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EXHIBIT C

CONFIDENTIALITY AGREEMENT
ACKNOWLEDGMENT BY AUTHORIZED RECIPIENTS

I,_____, a full-time or part-time employee or individual independent contractor of _____, a _____ ("Adopter"), acknowledge that I have been designated by Adopter as an "Authorized Recipient" to receive on behalf of Adopter access to Highly Confidential Information of AACS LA (the "Company"), the Licensors of the Company, or another Fellow Adopter, which Authorized Recipient is obligated to maintain strictly confidential under the terms of the AACS License Agreement (the "Agreement") between the Company and the Adopter. With respect to Highly Confidential Information, I acknowledge that the Agreement entered into between the Company and the Adopter requires Adopter to employ procedures for safeguarding Highly Confidential Information which procedures include, at a minimum: (i) Adopter shall employ procedures for safeguarding Highly Confidential Information at least as rigorous as Adopter would employ for its own most highly confidential information, such procedures to include, at a minimum: (1) maintaining on Adopter's premises a secure location in which any and all Highly Confidential Information shall be stored, where such a location may include electronic storage that is at least as secure with respect to the Highly Confidential Information as the AACS Technology is with respect to the protection of digital content; (2) that any Highly Confidential Information stored in such a location shall be accessible only by Authorized Recipients; (3) that (x) where Highly Confidential Information is stored in a location that is physically secure, Authorized Recipients visiting such location shall sign in and out each time that they visit such location; and (y) where Highly Confidential Information is stored securely in an electronic form, Authorized Recipients having access to such Highly Confidential Information shall sign in and out each time that they have such access; and (4) when Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location or shall be stored electronically in a form that is at least as secure with respect to the Highly Confidential Information as the AACS Technology is with respect to protection of digital content. I further acknowledge that the Confidentiality Agreement defines Highly Confidential Information to include Device Keys (capitalized terms used herein as defined in the AACS License Agreement).

Continued on next page.

I further acknowledge that I have signed a prior written agreement with Adopter pursuant to which I have agreed to maintain the confidentiality of third party confidential information received by Adopter. I acknowledge that I am bound by such agreement or by Adopter's policies and practices to maintain the confidentiality of Highly Confidential Information during my employment or contract period and after my employment and contract period with Adopter.

By signing below, I attest that I have read and understood this acknowledgment.

Signed: _____

Name: _____

Date: _____

cc: AACS LA, LLC

EXHIBIT D

Eligible Managed Copy IP Exception Fellow Adopters

Dell Inc.
Hewlett-Packard Co.
Koninklijke Philips Electronics N.V.
NEC Corporation
Pioneer Corporation
Samsung Electronics Co., Ltd.
Sanyo Electric Co., Ltd.
ST Microelectronics N.V.
Thomson, Inc.

Exhibit E

**AACS Compliance Rules
for Audiovisual Works on Optical Storage**

Part 1: General and Definitions

1. Applicability and General

1.1 Part 1 includes the definitions and applies generally. Part 2 of the Exhibit applies to Adopters other than Licensed Content Producers. Part 2 Section 1 of this Exhibit applies to Licensed Products as indicated; Part 2 Section 2 applies to Licensed Players, Part 2 Section 3 applies to Licensed Copiers, Part 2 Section 4 applies to Licensed Recorders, Part 2 Section 5 applies to AACS Recordable Media, Part 2 Section 6 applies to Licensed Drives, and Part 2 Section 7 applies to all Licensed Products other than Licensed Content Products and AACS Recordable Media. Part 3 of this Exhibit applies to Content Participants, Content Providers, and Licensed Content Producers. Part 4 includes the Audio Watermark embedding, screening and enforcement requirements.

1.2 Where a capitalized term is used but not defined in this Exhibit, the meaning ascribed elsewhere in this Agreement and the Specifications shall apply.

1.3 AACS Technology shall not be used to encrypt content with an AACS CCI setting of Copy Control Not Asserted without EPN Asserted.

1.4 For the avoidance of doubt, the use of the phrase "in a robust manner", "robust technical means", "robust means" (or an equivalent phrase) is not intended to add to, or subtract from, the robustness requirements applicable to the particular requirement associated with the phrase, and is used merely as a reminder.

1.5 Nothing in these Compliance Rules (or in related provisions of the Agreement and Specifications) is intended to permit a Licensed Product manufactured for sale in a particular country to use AACS Technology in contravention of any regulation of a government or quasi-government body of such country.

2. Definitions

2.1 "AACS Basic Decryption" shall mean decryption of AACS Content using AACS Technology, other than AACS Bus Decryption.

2.2 "AACS Bus Decryption" shall mean decryption of AACS Content using AACS Technology as specified in Section 4.10 of the AACS Introduction and Common Cryptographic Elements Book.

2.3 "AACS Content" shall mean Digital Entertainment Content that is encrypted in a manner compliant with the AACS Specifications and AACS Approved Licenses.

2.4 "AACS Drive Authentication" shall have the meaning set forth in the Specifications.

2.5 "AACS Flag" means information specified in the Cinavia Specification and contained in the Audio Watermark that denominates particular Audiovisual Content as being subject to screening and enforcement requirements applicable to Licensed Access Products.

2.6 "AACS No Home Use State" means information specified in the Cinavia Specification and contained in the Audio Watermark that combines the AACS Flag indicating the AACS AWM Compliant Content state with the Copy Management Field indicating the No Home Use state (as these terms are defined in the Cinavia Specifications), which designates particular Audiovisual Content as being subject to No Home Use Mark Enforcement Action screening and enforcement requirements and triggering a No Home Use Mark Enforcement Action in accordance with the requirements of these Compliance Rules and the Cinavia Specifications.

2.7 "AACS Recordable Media" shall mean a writeable storage media that complies with the applicable AACS Specifications including at least one of either the "AACS Blu-ray Disc Recordable Book" or the "AACS HD DVD Recordable Book", or other recordable adaptation Specifications as may be added from time to time.

2.8 "AACS Signed Content" shall mean Digital Entertainment Content having a valid AACS Content Certificate as described in the AACS Specifications.

2.9 "AACS Trusted Source State" means information specified in the Cinavia Specification and contained in the Audio Watermark that combines the AACS Flag indicating the AACS AWM Compliant Content state with the Copy Management Field indicating one of the Trusted Source Mark states (as these terms are defined in the Cinavia Specifications), which designates particular Audiovisual Content as (a) being subject to Trusted Source Mark screening and enforcement requirements, (b) being either Long Form Content or Short Form Content, (c) triggering the use of Primary Enforcement Logic or Secondary Enforcement Logic, and (d) triggering a

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Trusted Source Mark Enforcement Action, where such information is embedded and read in accordance with the requirements of these Compliance Rules and with the Cinavia Specifications.

2.10   "Access" means, in relation to a Licensed Access Product, to read data constituting Audiovisual Content where such Audiovisual Content is encoded in format that such Licensed Access Product contains the functionality to decode the audio portion of the Audiovisual Content pursuant to the requirements set forth in Part 4 Section B.

2.11   "Audiovisual Content" means audiovisual content that qualifies as a "motion picture" pursuant to Section 101 of the United States Copyright Law (17 U.S.C. Section 101), as amended as of March 1, 2008 -- "audiovisual works consisting of a series of related images which, when shown in succession, impart a impression of motion, together with accompanying sounds, if any" -- whether in encrypted or unencrypted form, and that is primarily intended to be performed in a predetermined, continuous, sequential manner.

2.12   "Audio Watermark" means the audio watermark described in the Cinavia Specifications where such audio watermark contains the AACS Trusted Source State and/or the AACS No Home Use State.

2.13   "Audio Watermark Detector" means the function associated with a Licensed Access Product that performs Audio Watermark screening and sends to the Licensed Access Product appropriate Watermark Enforcement Trigger Notices according to requirements set forth in these Compliance Rules and the Cinavia Specifications.

2.14   "Bound Copy Method" shall mean a method that effectively and uniquely associates an authorized copy (using a cryptographic protocol or other effective means) made from AACS Content with a single Licensed Product that is not a Licensed Content Product or AACS Recordable Media so that such copy cannot be accessed in usable form by another product except where the content of such copy is passed to an output only as permitted under this Agreement (including but not limited to Part 2, Sections 2.2, 2.3, 3.2 and 3.6). A copy of Decrypted AACS Content made using a Bound Copy Method remains subject to all obligations applicable to Decrypted AACS Content under this Agreement, until such copy is passed to an output permitted under this Agreement including but not limited to Part 2, Sections 2.2, 2.3, 3.2 and 3.6.

2.15   "Bus-Decrypted AACS Content" shall mean, with respect to a Licensed Product, AACS Content that such Licensed Product has decrypted using AACS Bus Decryption, but has not been decrypted using AACS Basic Decryption (*i.e.*, AACS Basic Decryption remains to be performed).

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2.16   "Cinavia Specifications" means all documents necessary to implement the Cinavia™ audio watermark as provided by Verance Corporation. Such documents include, but are not limited to, the Cinavia™ Integrated Product Specification, the Cinavia™ System Specification, and the Cinavia™ Detector Specification.

2.17   "Constrained Image" shall mean an image having the visual equivalent of no more than 520,000 pixels per frame (*e.g.*, an image with resolution of 960 pixels by 540 pixels for a 16:9 aspect ratio). A Constrained Image may be attained by reducing resolution, for example, by discarding, dithering, or averaging pixels to obtain the specified value. A Constrained Image can be displayed using video processing techniques such as line doubling or sharpening to improve the perceived quality of the image. By way of example, a Constrained Image may be stretched or doubled, and displayed full-screen, on a 1000-line monitor.

2.18   "Content Protection Requirements" shall mean, with respect to a Licensed Product, the applicable content protection requirements of AACS set forth in the Agreement, Specifications and Compliance Rules, including but not limited to the content protection technologies, Watermark Requirements, output protections, output restrictions, recording protections, recording limitations, protections and limitations on copying (including but not limited to Managed Copy and Move) and the triggering of analog protection systems. For the purposes of Section 7 ("Licensed Product Robustness Rules"), the Specification requirements applicable to a Managed Copy Machine with respect to parental controls shall be treated as Content Protection Requirements.

2.19   "Continuous Mode" means screening of Audiovisual Content by configuring an Audio Watermark Detector to use the Continuous Mode Duty Cycle as defined in the Cinavia Specifications.

2.20   "Copy Control Information" ("CCI") means the information that represents the copy protection status of particular content to Licensed Products as defined by the applicable copy protection specification and these Compliance Rules. *Note: Although defined in the AACS Blu-ray Disc Recordable Book of the Specification, the Copy One Generation ('COG') CCI state and the Copy Never ('CN') CCI state shall not be used in relation to Audiovisual Content recorded onto AACS Recordable Media using the AACS Blu-ray Disc Recordable Book.*

2.21   "CSS" shall mean the Content Scramble System for which the specification and license are available through the DVD Copy Control Association.

2.22   "Decrypted AACS Content" shall mean, with respect to a Licensed Product, AACS Content that such product has decrypted using both AACS Bus Decryption (where applicable) and AACS Basic Decryption but whose control and/or protection obligations have not been passed to an output permitted by these Compliance Rules or to an AACS Authorized Copying Method or Content Owner Authorized Copying

Method permitted by this Agreement. *Note to Adopter: A copy made using a Bound Copy Method remains subject to all obligations applicable to Decrypted AACS Content under this Agreement, until such copy is passed to an output permitted under this Agreement including but not limited to Part 2, Sections 2.2, 2.3, 3.2 and 3.6.*

2.23 "Digital Only Token" shall mean the field, as described in the Specifications, used to trigger the limitation of output of Decrypted AACS Content to only-digital outputs. *Note to Adopter: Content Participants and Content Providers are permitted to set the Digital Only Token for AACS Content only pursuant to Part 3, Section 1.2 of these Compliance Rules.*

2.24 "Encryption Drive" means a Licensed Drive or an optical disc media reader from which a Licensed Access Product plays back AACS encrypted Audiovisual Content.

2.25 "Existing Model" shall mean (i) a product, including without limitation a device, into which a Licensed Product is integrated, all aspects of which are exactly the same in all respects (including branding and consumer model number indication assigned to such integrated device), as any product manufactured and sold prior to December 31, 2010; or (ii) a software Licensed Product, all aspects of which are exactly the same in all respects (including branding and version number) as any software Licensed Product manufactured prior to December 31, 2010; provided, that changes to a product made solely for one or more of the following: (w) to comply with the Compliance Rules, (x) to implement changes solely of Device Key Sets, (y) to implement security patches or (z) to implement bug fixes of failures of a product to operate in accordance with such product's pre-existing product specification, shall be permitted.

2.26 "Image Constraint Token" shall mean the field, as described in the Specification, used to trigger a Constrained Image as set forth in these Compliance Rules. *Note to Adopter: Content Participants and Content Providers are permitted to set the Image Constraint Token only pursuant to the rules set out in Part 3, Section 1.3 of these Compliance Rules.*

2.27 "Intermittent Mode" means screening of Audiovisual Content by configuring an Audio Watermark Detector to use the Intermittent Mode Duty Cycle as defined in the Cinavia Specifications. Note that in this mode, watermark screening is applied to selected portions of the Audiovisual Content, with the first selected portion beginning not more than 30 seconds from the start of playback or copying.

2.28 "Licensed Access Product" means a Licensed Player or Licensed Copier. For the avoidance of doubt, a Licensed Access Product does not include a Licensed Content Product or a Licensed Drive.

2.29 "Licensed Copier" shall mean a Licensed Product that is capable of making copies (including making a copy as part of a Move operation) of Decrypted

AACS Content in the manner described in the Specifications and in the Compliance Rules. For the avoidance of doubt, a Licensed Copier that is capable of making a Managed Copy shall be understood to be a "Managed Copy Machine" as that term is used in the Specifications.

2.30   "Licensed Drive" shall mean a Licensed Product that retrieves AACS Content from optical media and implements AACS Drive Authentication and is not a Licensed Player and is not a Licensed Copier.

2.31   "Licensed Player" shall mean a Licensed Product that is capable of playing back Decrypted AACS Content in accordance with the Specifications.

2.32   "Licensed Recorder" shall mean a Licensed Product that is capable of writing AACS Content onto AACS Recordable Media.

2.33   "Long Form Content" means a separately identifiable work of Audiovisual Content marked with the Audio Watermark that is at least 60 minutes in duration when played for normal consumer viewing or listening.

2.34   "Managed Copy" shall mean a copy of Decrypted AACS Content that is authorized through an Online Transaction in accordance with the applicable AACS Agreements, Compliance Rules and Chapter 5 of the AACS Pre-recorded Video Book and Chapter 5 of the AACS Prepared Video Book in conjunction with applicable format specific books of the Specifications.

2.35   "MCOT" shall mean a copying method set forth on Table C1 or Table C2 of these Compliance Rules where the entry on the table sets forth permissions associated with a Managed Copy. For the avoidance of doubt, an authorized copy method on Table C1 that has permissions only for CCI-based copying is not an MCOT.

2.36   "Move" shall mean any process by which:
(i) content that is usable by only a first device is effectively rendered unusable by that device and is rendered usable by only one other device, only in such manner that the content is never simultaneously usable by both devices; or
(ii) content that is usable by only a given device is effectively rendered unusable by that device and is rendered usable in association with only a single instance of Removable Storage Medium, only in such manner that the content is never simultaneously usable both by the device and in association with such instance of Removable Storage Medium (except where such instance of Removable Storage Medium is reinserted in such device to render such content useable in association with such Removable Storage Medium); or
(iii) content that is usable in association only with a first single instance of Removable Storage Medium is rendered unusable in association with that instance of Removable Storage Medium and is rendered usable in association with another single instance of Removable Storage Medium, only in such manner that the

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content is never simultaneously usable in association with both instances of Removable Storage Media; or

(iv) content that is usable in association only with a single instance of a given Removable Storage Medium is rendered unusable in association with that instance of Removable Storage Medium and is rendered usable by a single device, only in such manner that the content is never simultaneously usable both in association with the instance of Removable Storage Medium and by the device (except where such instance of Removable Storage Medium is reinserted in such device to render such content useable by such device).

For purposes of this definition, "usable" shall mean playable and (where applicable) movable; and "unusable" shall mean neither playable nor movable.

2.37   "No Home Use Mark" means the Audio Watermark state designated as "No Home Use" in the applicable Cinavia Specification, where the presence of the state signals that the Audiovisual Content should not be encountered in the consumer home environment (*e.g.*, pre-release or working prints of a theatrical release, theatrical release prints, airline and non-theatrical public venue releases such as to cruise ships, military bases, etc.)

2.38   "No Home Use Mark Enforcement Action" means with respect to each such action required to be taken pursuant to the requirements of Part 4 Sections A.3 and A.4:

   a.   if a Licensed Access Product is Accessing particular Audiovisual Content for the purpose of playback:

        (1) the stoppage of playback of such Audiovisual Content, such that further playback of such content requires that the user restart playback from the beginning of the content as if the optical media containing the content had been first inserted into the Encryption Drive or Signature Drive; and

        (2) display or direct to be displayed a written message concerning the reason for the termination of the playback of the content, where the message so displayed or directed by the Licensed Access Product shall:

            A. state either:

            i.   "Playback stopped. The content being played is protected by Cinavia and is not authorized for playback on this device. For more information, see http://www.cinavia.com. Message Code 1" or a message with substantially the same meaning (including, but not limited to translation into a language other

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than English), provided that the Cinavia website URL (or an alternative Cinavia website URL that is established by Verance Corporation as applicable to a particular country or region) and message code number are either (x) included without change in the message, or (y) provided in the written operating instructions provided with the Licensed Access Product; or

ii. "Cinavia playback restriction (1)" or a message with substantially the same meaning (including, but not limited to, translation into a language other than English), provided that a message as specified in section Part 1, Section 2.38.a.(2)A.i. is provided in the written operating instructions provided with the Licensed Access Product. For the avoidance of doubt, the message code number is not required to be included in a message with substantially the same meaning, provided that it is included in the written operating instructions provided with the Licensed Access Product; and

    A. be prominent clear, and legible;

    B. remain present (x) until a subsequent user input (such as an acknowledgment of the message) is received or (y) for no less than 15 seconds; and

    C. not direct consumers to any party or address other than the Adopter itself, the Cinavia website URL as stated above, or a mail address provided expressly for this purpose by Verance Corporation, without the explicit written permission of that party nor state or indicate to the consumer that AACS, Verance Corporation, Content Participants or Content Providers (in general or by specific name) are responsible for the enforcement action taken by the Licensed Access Product; and

b. if the Licensed Access Product is Accessing particular Audiovisual Content for the purpose of copying:

    (1) the termination of the copy operation such that further copying of such content requires that the user restart copying from the beginning of the content as if the optical media containing the content had been first inserted into the Encryption Drive or Signature Drive; and

    (2) display or direct to be displayed a written message concerning the reason for the termination of the copy operation, where the message so displayed or directed by the Licensed Access Product shall:

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A. state either:

i. "Copying stopped. The content being copied is protected by Cinavia and is not authorized for copying from this device. For more information, see http://www.cinavia.com. Message Code 2."; or a message with substantially the same meaning (including, but not limited to, translation into a language other than English), provided that the Cinavia website URL (or an alternative Cinavia website URL that is established by Verance Corporation as applicable to a particular country or region) and the message code number are either (x) included without change in the message; or (y) provided in written operating instructions provided with the Licensed Access Product; or

ii. "Cinavia copy restriction (2)" or a message with substantially the same meaning (including, but not limited to, translation into a language other than English), provided that a message as specified in Part 1 Section 2.38.b.(2)A.i. is provided in the written operating instructions provided with the Licensed Access Product. For the avoidance of doubt, the message code number is not required to be included in a message with substantially the same meaning, provided that it is included in the written operating instructions provided with the Licensed Access Product;

B. be prominent, clear and legible and

C. remain present until a subsequent user input (such as an acknowledgment of the message) is received. To prevent damage to the display caused by long term presentation of a static message, implementers may employ standard design methods, such as screen savers, that preclude such damage, so long as the provisions of Part 1, Section 2.38 b are satisfied; and

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D. not direct consumers to any party or address other than the Adopter itself, the Cinavia website URL as provided above, or a mail address provided expressly for this purpose by Verance Corporation, without the explicit written permission of that party, nor state or indicate to the consumer that AACS, Verance Corporation, Content Participants, or Content Providers (in general or by specific name) are responsible for the enforcement action taken by the Licensed Access Product.

2.39   "No Home Use Mark Enforcement Trigger Notice" means information conveyed by an Audio Watermark Detector to the associated Licensed Access Product indicating that the prerequisites for taking a No Home Use Mark Enforcement Action have been met. For the avoidance of doubt, as set forth more fully in those portions of the Cinavia Specifications related to "default enforcement," a determination that the No Home Use Mark is present but that the Audio Watermark Detector has evidence that the AACS Flag may be present but cannot confirm such presence shall be considered to meet the prerequisites for taking a No Home Use Mark Enforcement Action if the No Home Use Mark is determined to be present in 10 continuous minutes of screened Audiovisual Content and the presence or absence of the AACS Flag remains unconfirmed.

2.40   "Online Service Provider" shall mean an entity that has executed an Online Service Provider Agreement that remains in effect and includes its Affiliates.

2.41   "Online Transaction" shall mean the transactions requiring interaction of the AACS Licensed Product with an Online Service Provider, as such interaction is described in Chapter 5 of the AACS Introduction and Common Cryptographic Elements Book. These transactions include AACS Network Download Content, AACS Managed Copy, AACS Online Enabled Content, AACS Streamed Content, and other online transactions as may be added from time to time.

2.42   "Primary Enforcement Logic ("PEL")" means the use of an Audio Watermark Detector to determine whether the Trusted Source Mark is present in screened Audiovisual Content in accordance with the requirements specified in the Cinavia Specification applicable to Audio Watermark Detectors for use in AACS Licensed Access Products, where a Trusted Source Mark Enforcement Trigger Notice is conveyed to the associated Licensed Access Product

a.   whenever the Audio Watermark Detector determines that the Trusted Source Mark is enforceable in Long Form Content by finding the Trusted Source Mark in at least 7 out of 9 sequential 200-second screening intervals, or

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b.   whenever the Audio Watermark Detector determines that the Trusted Source Mark is enforceable in Short Form Content by finding the Trusted Source Mark in at least 7 out of 9 sequential 100-second screening intervals.

2.43   "Proactive Renewal" shall mean a mechanism implemented by an Adopter that seeks to replace the Shared Device Key Set in a Licensed Product through a Periodic Update as provided in Section 10.2 of the Adopter Agreement, provided that such mechanisms are not required to ensure that every Licensed Product has its Shared Device Key Set replaced within eighteen months, given that AACS shall automatically Expire such Shared Device Key Sets according to the terms of the Adopter Agreement. *Note to Adopter: Mechanisms for carrying out proactive renewal that are not timely will result in a negative consumer experience if Shared Device Key Sets are Expired before they are replaced, resulting in a failure of the Licensed Product to play back AACS Content.*

2.44   "Produced" shall have the meaning set forth in Section 1.65 of the Final Adopter Agreement.

2.45   "Secondary Enforcement Logic ("SEL")" means the use of an Audio Watermark Detector to determine whether the Trusted Source Mark is present in screened Audiovisual Content in accordance with the requirements specified in the Cinavia Specification applicable to Audio Watermark Detectors for use in AACS Licensed Access Products, where a Trusted Source Mark Enforcement Trigger Notice is conveyed to the associated Licensed Access Product:

a.   whenever the Audio Watermark Detector determines that the Trusted Source Mark is enforceable in Long Form Content by finding the Trusted Source Mark in at least 13 out of 15 sequential 100-second screening intervals, or

b.   whenever the Audio Watermark Detector determines that the Trusted Source Mark is enforceable in Short Form Content by finding the Trusted Source Mark in at least 13 out of 18 sequential 50-second screening intervals.

2.46   "Shared Device Key Sets" shall mean Device Key Sets used in common by multiple devices as defined in the AACS Specifications.

2.47   "Short Form Content" means a separately identifiable work of Audiovisual Content marked with the Audio Watermark that is less than 60 minutes in duration when played for normal consumer viewing or listening. For the avoidance of doubt, where a single optical media disc contains multiple separately identifiable audio-visual works (e.g., television show episodes) each of which is less than 60 minutes in duration, each such work shall be considered to be Short

Form Content for purposes of these Compliance Rules and the Cinavia Specifications.

2.48 "Signature Drive" means an optical disc media reader that is not an Encryption Drive but (i) is located in the same physical enclosure as an Encryption Drive, (ii) where Audiovisual Content played back from such reader uses the same decompression and, when applicable, decryption hardware and/or software as content played back from the Encryption Drive, and (iii) from which AACS Signed Content that is not AACS encrypted content can be played back. For avoidance of doubt, an optical disc media reader that plays back Audiovisual Content protected using the Content Scramble System with an AACS Signature as described in the AACS Signed CSS Book is a Signature Drive.

2.49 "Transitory Image" shall mean data comprising Decrypted AACS Content that has been stored temporarily for the sole purpose of performing a function as permitted by this Agreement where such data (a) does not persist materially after such function has been performed and (b) is not stored in a way that permits copying or redistribution of the data in usable form for other purposes.

2.50 "Trusted Source Mark" means any Audio Watermark state designated as "Trusted Source" in the applicable Cinavia Specifications for use in Audiovisual Content to signify that such content may be encountered in content stored on optical storage media in a TSMAT, but should not be encountered in content stored on optical storage media that is not in a TSMAT. *Note: Trusted Source Mark replaces the term "Consumer Mark" that was used in the Interim AACS Compliance Rules.*

2.51 "Trusted Source Mark Allowed Technology ("TSMAT")" means a content protection system listed in these Compliance Rules on Table W. *Note: As provided in Part 4 Section A.2.b(1) of the Compliance Rules, the presence of the Trusted Source Mark in any content in a TSMAT shall not trigger a Watermark Enforcement Action. Because certain technologies listed on Table C-2 may not be listed on Table W, Content Participants, Content Providers, and Adopters are cautioned that use of such technologies to make copies of content containing the AACS Trusted Source State will result in AACS Licensed Players refusing to play back such consumer recorded content when the content is contained on a disc played back from an Encryption Drive or a Signature Drive.*

2.52 "Trusted Source Mark Enforcement Action" means with respect to each such action required to be taken pursuant to the requirements of Part 4 Sections A.3 and A.4:

a. if a Licensed Access Product is Accessing particular Audiovisual Content for the purpose of playback:

(1) muting of any and all output of the audio portion of the screened Audiovisual Content where:

    A. the muting of the audio output continues for no less than 15 seconds (the "Enforcement Period");

    B. the Licensed Access Product's audio mute indicator associated with the screened Audiovisual Content, if present, is illuminated or otherwise set to indicate that the audio output is muted for the duration of the Trusted Source Mark Enforcement Action; and

    C. the Licensed Access Product's "un-mute" function associated with the screened Audiovisual Content is made inoperable for the duration of the Trusted Source Mark Enforcement Action; and

(2) display or direct to be displayed a written message concerning the reason for the muting of the audio, where the message so displayed or directed by the Licensed Access Product shall:

    A. state either:

        i. "Audio outputs temporarily muted. Do not adjust the playback volume. The content being played is protected by Cinavia and is not authorized for playback on this device. For more information, see http://www.cinavia.com. Message Code 3" or a message with substantially the same meaning (including, but not limited to, translation into a language other than English), provided that the Cinavia website URL (or an alternative Cinavia website URL that is established by Verance Corporation as applicable to a particular country or region) and message code number are either (x) included without change in the message, or (y) provided in written operating instructions provided with the Licensed Access Product; or

ii. "Cinavia playback restriction (3)", or a message with substantially the same meaning (including, but not limited to, translation into a language other than English), provided that a message as specified in Part 1 Section 2.52.a.(2)A.i. is provided in the written operating instructions provided with the Licensed Access Product. For the avoidance of doubt, the message code number is not required to be included in a message with substantially the same meaning, provided that it is included in the written operating instructions provided with the Licensed Access Product.; and

B. be prominent, clear and legible on an active display available to the consumer, which AACS recommends to be the same screen as the video portion of the Audiovisual Content.; and

C. not direct consumers to any party or address other than the Adopter itself, the Cinavia website URL as stated above, or a mail address provided expressly for this purpose by Verance Corporation, without the explicit written permission of that third party, nor state or indicate to the consumer that AACS, Verance Corporation, Content Participants or Content Providers (in general or by specific name) are responsible for the enforcement action taken by the Licensed Access Product.

b. if a Licensed Access Product is Accessing particular Audiovisual Content for the purpose of copying:

(1) the termination of the copy operation such that further copying of such content requires that the user restart copying from the beginning of the content as if the optical disc media containing the content had been first inserted into the Encryption Drive or Signature Drive; and

(2) display or direct to be displayed a written message concerning the reason for the termination of the copy operation, where the message so displayed or directed by the Licensed Access Product shall:

A. state either:

   i. "Copying stopped. This content is protected by Cinavia and is not authorized for copying from this device. For more information, see http://www.cinavia.com. Message Code 4" or a message with substantially the same meaning (including, but not limited to, translation into a language other than English), provided that the Cinavia website URL (or an alternative Cinavia website URL that is established by Verance Corporation as applicable to a particular country or region) and message code number are either (x) included without change; or (y) provided in written operating instructions provided with the Licensed Access Product; or

   ii. "Cinavia™ copy restriction (4)" or a message with substantially the same meaning (including, but not limited to, a translation into a language other than English), provided that a message as specified in Part 1 Section

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2.52.b.(2)A.i. is provided in the written operating instructions provided with the Licensed Access Product. For the avoidance of doubt, the message code number is not required to be included in a message with substantially the same meaning, provided that it is included in the written operating instructions provided with the Licensed Access Product; and

B. be prominent, clear and legible on an active display available to the consumer, which AACS recommends to be the same screen as the video portion of the Audiovisual Content; and

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C. not direct consumers to any party or address other than the Adopter itself, the Cinavia website URL as stated above, or a mail address provided expressly for this purpose by Verance Corporation, without the explicit written permission of that third party, nor state or indicate to the consumer that AACS, Verance Corporation, Content Participants or Content Providers (in general or by specific name) are responsible for the enforcement action taken by the Licensed Access Product.

2.53   "Trusted Source Mark Enforcement Trigger Notice" means information conveyed by an Audio Watermark Detector to the associated Licensed Access Product that the prerequisites for taking a Trusted Source Mark Enforcement Action have been met.

2.54   "User-Accessible Bus" shall mean (a) an internal analog connector that is designed and incorporated for the purpose of permitting end user upgrades or access or that otherwise readily facilitates end user access or (b) a data bus that is designed and incorporated for the purpose of permitting end user upgrades or access such as an implementation of a smartcard, PCMCIA, Cardbus, or PCI that has standard sockets or otherwise readily facilitates end user access. A "User-Accessible Bus" does not include memory buses, CPU buses, or similar portions of a device's internal architecture that do not permit access to content in form usable by end users.

2.55   "Watermark Enforcement Action" means a No Home Use Mark Enforcement Action, or a Trusted Source Mark Enforcement Action.

2.56   "Watermark Enforcement Trigger Notice" means a No Home Use Mark Enforcement Trigger Notice or a Trusted Source Mark Enforcement Trigger Notice.

2.57   "Watermark Requirements" shall mean the requirements set forth in Part 4 of these Compliance Rules and the defined terms as used in Part 4 and as defined and described in Part 1 Section 2 of these Compliance Rules, except that the requirements of Part 1 Section 2.52.a(1)B., 2.38.a(2)C., and 2.38.b(2)C shall not be considered to be "Watermark Requirements" for purposes of the Robustness Rules applicable to Watermark Requirements.

Part 2 Adopter Compliance Rules for Licensed Products

1. General

1.1 **Transitory Image.** For the avoidance of doubt, this agreement does not prohibit the creation of Transitory Images.

1.2 **Shared Keys.** For Licensed Products containing Shared Device Key Sets, Adopter shall order and use only Device Key Sets designated by AACS as "Shared Device Keys". Adopter shall implement Proactive Renewal for all Licensed Products containing Shared Device Key Sets. A Licensed Product may implement Proactive Renewal only if the Licensed Product is capable of receiving Periodic Updates, including after a Shared Device Key Set has been Expired in accordance with Section [9] of the Adopter Agreement. If an instance of a Licensed Product has had its Device Key Set Expired before successful Proactive Renewal, Adopter may thereafter deliver to such Licensed Product a Periodic Update that replaces the Device Key Set.

1.3 **MKB Processing.** Notwithstanding anything else in the Agreement or the Compliance Rules, Adopters originally licensed under the Interim License Agreement may continue to manufacture Licensed Products, including Licensed Components, which implement Class I Media Key Blocks, used in Class I devices, as described in the Specifications under the Final Agreement. Such Interim Adopters are encouraged, but are not required, to implement Class II Media Key Blocks, used in Class II devices, as described in the Specifications. New Adopters under the Final Agreement, that (i) were not Interim Adopters, and (ii) manufacture Licensed Products, including Licensed Components, shall implement Class II Media Key Blocks as defined in the relevant specifications. Such new Adopters may manufacture Licensed Products that utilize Class I MKB implementations only in instances where such Licensed Products include a Licensed Component provided by an Adopter formerly licensed as an Interim Adopter and such Licensed Component performs the Class I MKB processing.

2. Licensed Player Compliance Requirements

2.1 **Applicability.** This Part 2 Section 2 is applicable to all Licensed Players as shipped.

2.2 **Analog Outputs.** A Licensed Player shall not pass, or direct to be passed Decrypted AACS Content to an analog output except:

    2.2.1 An analog output of audio, or of the audio portions of other forms of Decrypted AACS Content; or

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2.2.2 An analog output of video delineated in Table A1, AACS Analog Authorized Outputs, in accordance with any associated restrictions and obligations specified therein and in the Agreement, and subject to the following sunset requirements:

2.2.2.1 **Analog Sunset – 2010.** With the exception of Existing Models, any Licensed Player manufactured after December 31, 2010 shall limit analog video outputs for Decrypted AACS Content to SD Interlace Modes only. Existing Models may be manufactured and sold by Adopter up until December 31, 2011. Notwithstanding the foregoing, Adopter may continue to manufacture and sell an Existing Model in which the implementation of AACS Technology is a Robust Inactive Product after December 31, 2010 provided that when such Robust Inactive Product is activated through a Periodic Update, such Periodic Update results in a Licensed Player that limits analog video outputs for Decrypted AACS Content to SD Interlace Modes only. Nothing in this section shall be interpreted to override limitations or obligations stated in any other section of this Agreement.

For purposes of this section, "SD Interlace Modes" shall mean composite video, s-video, 480i component video and 576i video.

2.2.2.2 **Analog Sunset – 2013.** No Licensed Player that passes Decrypted AACS Content (excluding Decrypted AACS Content that is decrypted from AACS Recordable Video where the CCI in such Decrypted AACS Content is marked other than Copy Never) to analog video outputs may be manufactured or sold by Adopter after December 31, 2013. For the avoidance of doubt, a Bound Copy Method to which AACS Content has been Moved from AACS Recordable Video with CCI marked other than Copy Never or to which AACS Content has been copied from AACS Recordable Video with CCI marked EPN, is not required to implement the analog sunset required by this Section 2.2.2.2 with respect to such AACS Content.

2.3 **Digital Outputs.** A Licensed Player shall not pass, or direct to be passed Decrypted AACS Content to a digital output except:

2.3.1 A digital output of audio, or of the audio portion of other forms of Decrypted AACS Content, in compressed audio format (such as AC3) or in Linear PCM format in which the transmitted information is sampled at no more than 48 kHz and no more than 16 bits.

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2.3.2 An output delineated in Table D1, AACS Authorized Digital Outputs in accordance with any associated restrictions and obligations specified therein and in the Agreement.

3. Licensed Copier Compliance Requirements

3.1 **Applicability.** This Part 2 Section 3 is applicable to all Licensed Copiers as shipped.

3.2 **Outputs for Copying.** A Licensed Copier shall not pass, or direct to be passed, Decrypted AACS Content to an output, except for the purpose of making a copy of such content to an AACS Authorized Copying Method or a Content Owner Authorized Copying Method pursuant to and as permitted by this Section 3, where such content is protected by the corresponding AACS Authorized Copy Method or Content Owner Authorized Copying Method permitted under this Section 3.

For avoidance of doubt regarding the making of an authorized copy, processing of Decrypted AACS Content prior to protection by the AACS Authorized Copying Method or Content Owner Authorized Copying Method is subject to the AACS Robustness and Compliance Rules. Examples of such processing include transcoding or decimation to constrained image that occur prior to protection by the Authorized Copying Methods, and the proper setting of the parameters as required in Table C1. Once protected by the Authorized Copying Methods, processing of the content becomes subject to the Authorized Copying Method's compliance and robustness rules (note: content protected by a Bound Copy Method remains subject to AACS Compliance and Robustness Rules).

For the further avoidance of doubt, where the three_d_only element or the three_d_full_frame_only element is set in AACS Content, a Licensed Copier shall not pass, or direct to be passed, Decrypted AACS Content to an output for the purpose of making a copy of such content to an AACS Authorized Copying Method pursuant to and as permitted by this Section 3 only if the AACS Authorized Copying is authorized specifically to make a copy of Decrypted AACS Content containing such an element.

3.3 **Copy Authorization.** A Licensed Copier shall not copy or cause the copying of AACS Content in usable form, except (i) upon receiving Authorization via an Online Transaction to make a Managed Copy of such content pursuant to the requirements of the Specifications and this Agreement, or (ii) where copying of such content is otherwise authorized by the CCI as defined in the Specifications.

3.4 **CCI-Authorized Copies.** A copy made pursuant to Section 3.3(ii) may be made using only a method delineated in Table C1, AACS Authorized Copying Methods, in

accordance with any associated restrictions and obligations specified therein and in the Agreement.

3.5 **Managed Copies.** A copy made pursuant to Section 3.3(i) may be made only in accordance with the terms of an offer for which Managed Copy Authorization is received from the Managed Copy service, including without limitation any such terms relating to: (a) number of allowed copies, (b) AACS Authorized Copying Method or Content Owner Authorized Copying Method (as identified by MCOT ID), (c) resolution range, and (d) frame rate. A Licensed Copier shall not prohibit, restrict or condition the offering or fulfillment of any such offer made available with respect to any AACS Authorized Copying Method or Content Owner Authorized Copying Method, to the extent such offer is technically supported by such Licensed Copier.

3.6 **Authorized Move.** Notwithstanding Section 3.3, a Licensed Copier may Move AACS Content in a manner that results in a usable copy (subject to the restrictions in the definition of Move), where the source of the content for such Move is either (i) AACS Content on Removable Storage Media for which the Move Not Allowed bit (as defined in the Specifications) is set to the state so that Move is permitted or (ii) a Bound Copy Method, and where in each case the copy resulting from such Move is protected using a method delineated in Table C1, AACS Authorized Copying Methods in accordance with any associated restrictions and obligations contained therein and in the Agreement, provided that (a) such Move to a Removable Storage Medium is permitted only where such AACS Content was originally associated with Removable Storage Media, and (b) in the case of a Move between two devices, the devices are determined to be within the same home or personal environment, (i) by using the localization methods of DTCP or other reasonable and similarly effective localization methods, or (ii) by using reasonable and robust technical means, such as, without limitation, where both devices are under the control of an individual or a group of associated individuals, forming a household, where the devices are verifiable through reasonable and robust technical means to be under such control.

3.7 **Managed Copy Non-Interference**. Licensed Products shall not, in response to the initiation of the Managed Copy offer process by an end user, place, assist, or participate in, the triggering of advertisements of any kind in association with or tied to any title without the prior written consent of the copyright owner of such title, to be given in its sole discretion nor, shall it initiate any process that interferes with the security, integrity, and privacy of the Managed Copy offer process. For the purposes of this Agreement and these Compliance Rules, an advertisement would be deemed to be placed, triggered, associated with or tied to a title (i) if such advertisement (A) implies any endorsement or connection to the title and/or (B) is specifically inserted or triggered for display with a title or any artist associated therewith (e.g., not a randomly rotating banner ad); and, (ii) if such advertisement appears on (X) any user interface or other display where the title is featured alone, or (Y) any user interface or other display from which an end user initiated the Managed Copy offer process for the title. Notwithstanding any of the foregoing, Licensed Product shall not place or

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exhibit, nor assist, or participate with any third party to place or exhibit, any advertisement whatsoever at any time immediately before, or during or immediately after the initiation, processing and/or completion of the Managed Copy offer by the end user. Furthermore, the Licensed Product shall not cooperate with any other hardware or software, in the placement or exhibition of any advertisement as described above by that other hardware or software, at any time during or immediately after the initiation, processing, and/or completion, of the Managed Copy offer process by the end user. For purposes of this provision, product identification information displayed in the normal course of the operation of the Licensed Product (*e.g.*, status messages, progress bars, screen savers that may have the name or logo of the manufacturer associated with them) shall not be considered "advertisements."

3.8 **Managed Copy within Home or Personal Environment.** Adopter hereby agrees that Adopter shall not distribute, or direct others to distribute, a Licensed Copier (or final consumer product into which such Licensed Copier is incorporated) which is configured, as part of its standard user experience for making Managed Copies of AACS Content as authorized by this Agreement, to automate or otherwise directly facilitate the copying of AACS Content in useable form from Removable Storage Media which, at the time of such copying, is not within the same home or personal environment as the device or storage medium with which use of the resulting copy is associated, except to the extent

(i) such copying is between two devices, each of which is under the control of an individual, or a member of a group of associated individuals, forming a household, where the devices are verifiable through reasonable and robust technical means to be under such control; or

(ii) such copying between two devices that are not within the same home or personal environment is otherwise approved by AACS (including in the context of a particular AACS Authorized Copying Method that has been specifically designated on Table C-1 as approved for permitting remote Managed Copies).

Furthermore, Adopter agrees not to provide specific instructions, services or programs for such configuration of such Licensed Copier (or final consumer product) following its distribution, or advertise or provide specific instructions for use of such Licensed Copier (or final consumer product) for any such purpose noted in this Section 3.8.

3.9 **Move within Home or Similar Local Environment.** Adopter hereby agrees that Adopter shall not distribute, or direct others to distribute, a Licensed Product (or final consumer product into which such Licensed Copier is incorporated) which is configured, as part of its standard user experience for Move of AACS Content as authorized by this Agreement, for the purpose of automating or otherwise directly facilitating the Move of AACS Content to or from a Removable Storage Media

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which, at the time of such Move, is not within the same home or similar local environment as the device or the Removable Storage Medium with which use of the resulting copy is associated.

Furthermore, Adopter agrees not to provide specific instructions, services or programs for such configuration of such Licensed Copier (or final consumer product) following its distribution, or advertise or provide specific instructions for use of such Licensed Copier (or final consumer product) for any such purpose noted in this Section 3.9.

3.10 **Browser Requirement for Certain Licensed Copiers**

3.10.1. A Licensed Copier that is capable of making a Managed Copy shall incorporate an HTML browser, except as provided below.

3.10.2 Notwithstanding Section 3.10.1, for any geographic territory outside of the United States, until such time as noted in Section 3.10.3, below, Adopter may Produce for sale in such geographic territory, a Licensed Copier otherwise covered by Section 3.10.1 but that does not have an HTML browser. For the avoidance of doubt, a Content Participant or Content Producer may, but is not required to, authorize copying by such Licensed Copiers, and any authorized copy made by such Licensed Copiers shall not fulfill the Managed Copy obligation for such Content Participant or Content Provider.

3.10.3 In connection with the Managed Copy Sunrise in a particular geographic territory outside of the U.S., AACS LA will give at least 12 months advance notice of the date that Licensed Copiers permitted to be Produced under Section 3.10.2, above, will no longer be permitted to be Produced for sale in that geographic territory. "Managed Copy Sunrise" is the date on which Content Participants and Content Providers are required to offer to consumers Managed Copies using the Managed Copy Output Technologies listed on Table C-1. The sunrise will be announced by AACS LA on a territory by territory basis.

3.11 **Interoperability Requirements**.

3.11.1 Except as provided in 3.10.2, a Licensed Copier that is capable of making a Managed Copy, using the MCOT (or MCOTs) that such Licensed Copier implements, must be capable of making any Managed Copy (again, using the MCOT or MCOTs that such Licensed Copier implements) that is authorized by the AACS MCAS, or by any

MCAS that is designed and deployed in a manner consistent with the AACS MCAS implementation of the Specifications.

3.11.2 A Licensed Copier that is capable of making a Managed Copy shall be designed and produced to communicate with the AACS MCAS only in accordance with established protocols as set forth in the Specifications. A Licensed Copier shall be designed and produced using reasonable measures, at a minimum in accordance with standard industry practices, to prevent it from engaging in communications that cause harm to the systems or operations of the AACS MCAS. By way of example, Licensed Clients may not contain secret menus, or residual test or debug codes that could facilitate such harmful communications.

3.11.3 Licensee acknowledges and agrees that AACS LA may authorize the AACS MCAS to refuse access to the AACS MCAS for one or more units of products (whether Licensed Copiers or otherwise) that are causing, has caused, or is threatening to cause, or that are known to be capable of causing, imminent material harm to the systems or operations of the AACS MCAS.

4. **Licensed Recorder Compliance Requirements**

4.1 **Applicability.** This Part 2 Section 4 is applicable to all Licensed Recorders as shipped.

4.2 **Recording.** Licensed Recorders shall not use the AACS Technology to protect copies of content except as set forth in Table X.

4.3 **Incorporation of MKBs.** The MKB that is being incorporated into Licensed Recorders manufactured by Adopter that are not capable of updating the incorporated MKB shall be changed every three (3) months. The MKB that is being incorporated into Licensed Recorders manufactured by Adopter that are capable of updating the incorporated MKB shall either (a) not be reused in more than one product model or (b) be changed every three (3) months. *Note to Adopter: AACS LA reserves the right to change the required frequency of updates and number of units of media or recording devices into which an MKB may be incorporated as relevant changes in environmental conditions, including but not limited to security concerns, changes in manufacturing processes, or production volumes, warrant.*

5. AACS Recordable Media Compliance Requirements

5.1 **Applicability.** This Part 2 Section 5 is applicable to all AACS HD DVD Recordable Media as shipped.

5.2 **Incorporation of MKBs.** The MKB incorporated into AACS Recordable Media manufactured by Adopter shall not be used in more than one glass master. *Note: AACS LA reserves the right to change the required frequency of updates and number of units of media as relevant changes in environmental conditions, including but not limited to security concerns, changes in manufacturing processes, or production volumes warrant*

6. Licensed Drive Compliance Requirements

6.1 **Applicability.** This Part 2 Section 6 is applicable to all Licensed Drives as shipped.

6.2 **Bus Encryption.** Licensed Players that use Drive Authentication as defined in the Specifications and that are Produced eighteen (18) months or more after the release of the Specifications, shall support AACS Bus Encryption.

AACS Licensed Drives that are Produced twenty four (24) months or more after the release of the Specifications, shall use AACS Bus Encryption.

7. Licensed Product Robustness Rules

7.1. **Applicability.** This Part 2 Section 7 is applicable to all Licensed Products, other than Licensed Content Products and AACS Recordable Media, as shipped. All subsequent references to Licensed Product in this Section shall be read to mean Licensed Products, excluding Licensed Content Products and AACS Recordable Media, unless otherwise specified.

7.2. **Construction – Generally.** Licensed Products shall be manufactured in a manner clearly designed to effectively frustrate attempts to modify such Licensed Products or the performance of such Licensed Products to defeat the Content Protection Requirements.

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7.3. **Construction – Defeating Functions.** Licensed Products shall not include: (a) switches, buttons, jumpers or software equivalents thereof, (b) specific traces (electrical connections) that can be cut, or (c) functions (including service menus and remote-control functions), in each case by which the Content Protection Requirements can be defeated, or by which compressed Decrypted AACS Content in such Licensed Products can be exposed to output, interception, retransmission or copying, in each case other than as permitted under this Agreement.

7.4. **Construction – Keep Secrets and Maintain Integrity.** Licensed Products shall be manufactured in a manner that is clearly designed to effectively frustrate attempts to (a) discover or reveal Device Keys and other values identified as Secrecy Required in Appendix 1, and (b) cause such products to use values identified in Appendix 1 as Integrity Required after unauthorized modification of such values occurs. Licensed Products shall not use Secrecy Required or Integrity Required values for purposes other than those defined by AACS in the Specifications and Approved Licenses.

> 7.4.1. **Enhanced Security.** In addition to the requirement of 7.4 (a) above, confidentiality of Device Keys shall be protected via
>
> (a) implementation of Proactive Renewal or,
>
> (b) a method that is clearly designed to prevent attempts to discover or reveal such values in each case solely using electronically distributable means.

7.5. **Data Paths.** Decrypted AACS Content shall not be available on outputs other than those specified in the Compliance Rules.

> 7.5.1. **Video Portion.** Within a Licensed Product, the video portion of Decrypted AACS Content shall not be present on any User-Accessible Bus in analog or unencrypted, compressed form. Licensed Products shall be clearly designed such that when the video portion of uncompressed Decrypted AACS Content is transmitted over a User-Accessible Bus in digital form, such Decrypted AACS Content is either limited to Constrained Image or made reasonably secure from unauthorized interception. *Note to Adopter: When AACS determines that it is commercially reasonable, AACS LA will amend the Compliance Rules to require the video portion of all Decrypted AACS Content, whether compressed or de-compressed and irrespective of resolution, to be protected on and across user-accessible buses, subject to the compliance periods set forth in Section [4.2] of the Adopter Agreement.*

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7.5.2.   Clause (a) in the definition of User-Accessible Bus should be interpreted and applied so as to allow Adopter to design and manufacture its products to incorporate means, such as test points, that provide access to video at no higher resolution than that available to analog outputs on the device, used by Adopter or professionals to analyze or repair products; but not to provide a pretext for inducing consumers to obtain ready and unobstructed access to internal analog connectors. Without limiting the foregoing, with respect to clause (a) in the definition of User-Accessible Bus, an internal analog connector shall be presumed to not "readily facilitate end user access" if (i) such connector and the video signal formats or levels of signals provided to such connector, are of a type not generally compatible with the accessible connections on consumer products, (ii) such access would create a risk of product damage or (iii) such access would result in physical evidence that such access had occurred and would void any product warranty.

7.6. **Method of Making Functions Robust.** Licensed Products shall be manufactured using at least the following techniques in a manner that is clearly designed to effectively frustrate attempts to defeat the requirements set forth below.

7.6.1.   **Distribution of Decryption and Decoding Functions.** In a Licensed Product, where the video portion of Decrypted AACS Content is delivered from one part of the Licensed Product to another, whether among integrated circuits, software modules, or otherwise or a combination thereof, the portions of the Licensed Product that perform authentication and decryption and the compressed video (*e.g.*, MPEG) decoder shall be designed and manufactured in a manner associated and otherwise integrated with each other such that the video portion of Decrypted AACS Content in any usable form flowing between these portions of the Licensed Product shall be reasonably secure from being intercepted or copied except as authorized by the Compliance Rules.

7.6.2.   **Distribution of AACS Bus Decryption and AACS Basic Decryption Functions.** In a Licensed Product, where the video portion of Bus-decrypted AACS Content is delivered from one part of the Licensed Product to another, whether among integrated circuits, software modules, or otherwise or a combination thereof, the portions of the Licensed Product that perform AACS Bus Decryption and those that perform AACS Basic Decryption shall be designed and manufactured in a manner associated and otherwise integrated with each other such that the video portion of Bus-decrypted AACS Content in any usable form flowing between these portions of the Licensed Product shall be reasonably secure from being intercepted or copied except as authorized by the Compliance Rules.

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7.6.3.   **Audio Watermark Detector.** A Licensed Access Product and the Audio Watermark Detector it uses to meet the Watermark Requirements shall be designed and manufactured in a manner associated and otherwise integrated with each other such that unauthorized modification or blockage of the audio data, notices or other information conveyed between them pursuant to such requirements will be expected to result in a failure of the Licensed Access Product to provide the requested playback or copying operation. *Note to adopter: This section (7.6.3) is not the only section of the Licensed Robustness Rules with requirements that apply to the Audio Watermark Detector. Additional requirements can be found in other sections of the Licensed Robustness Rules, including but not limited to sections defining Content Protection Requirements.*

7.6.4. **Software.** Any portion of the Licensed Product that implements in Software any of the Content Protection Requirements shall include all of the characteristics set forth in Sections 7.2 through 7.5 above. For the purposes of these Robustness Rules, "Software" shall mean the implementation of Content Protection Requirements through any computer program code consisting of instructions or data, other than such instructions or data that are included in Hardware. Such implementations shall:

7.6.4.1.   Comply with Section 7.4 above by a reasonable method including but not limited to: encryption, execution of a portion of the implementation in ring zero or supervisor mode (i.e., in kernel mode), and/or embodiment in a secure physical implementation, provided further that maintaining confidentiality of Device Keys pursuant to 7.4.1(b) shall be implemented by a reasonable method that effectively and uniquely associates those values with a single device (such as by encrypting the values using a key that is unique to a single device) and that effectively isolates those values from exposure by mere use of programming instructions or data (*e.g.*, by using the values only inside a secure processor); and, in addition, in every case of implementation in Software, using techniques of obfuscation clearly designed to effectively disguise and hamper attempts to discover the approaches used; and

7.6.4.2.   Be designed so as to perform or ensure checking of the integrity of its component parts such that unauthorized modifications will be expected to result in a failure of the implementation to provide the authorized authentication and/or decryption function. For the purpose of this provision, a "modification" includes any change in, or disturbance or invasion of, features or characteristics, or interruption of processing,

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relevant to Sections 7.2 through 7.5 above. This provision requires at a minimum the use of "signed code" or a robust means of runtime integrity checking operating throughout the code. For the purpose of this provision, "signed code" means a method of achieving trusted distribution of Software by using public key cryptography, keyed hash, or other means at least as effective, to form a digital signature over Software such that its authenticity and integrity can be verified.

7.6.5. **Hardware.** Any portion of the Licensed Product that implements in Hardware any of the Content Protection Requirements shall include all of the characteristics set forth in Sections 7.2 through 7.5 above. For the purposes of these Robustness Rules, "Hardware" shall mean a physical device or component, that implements Content Protection Requirements and that (i) does not include instructions or data other than such instructions or data that are permanently embedded in such device or component; or (ii) includes instructions or data, *e.g.*, firmware instructions or data that are not permanently embedded in such device or component where such instructions or data are specific to such Licensed Product or Licensed Component and are not accessible to the end user through the Licensed Product or Licensed Component. Such implementations shall:

7.6.5.1. Comply with Section 7.4 above by any reasonable method including but not limited to embedding Device Keys in silicon circuitry or firmware that cannot reasonably be read, or employing the techniques described above for Software, provided further that the requirements of 7.4.1 (b) shall be implemented by a reasonable method that effectively and uniquely associates those Device Keys with a single device (such as by encrypting the values using a key that is unique to a single device) and that effectively isolates those values from exposure by mere use of programming instructions or data (e.g., by using the values only inside a secure processor).

7.6.5.2. Be designed such that attempts to remove, replace, or reprogram Hardware elements in a way that would compromise the Content Protection Requirements of AACS in Licensed Products would pose a serious risk of rendering the Licensed Product unable to receive, decrypt, decode, playback or copy, AACS Content. By way of example, (i) a component that is soldered rather than socketed, or affixed with epoxy, or (ii) checking a signature on updateable firmware within a secure boot loader may be appropriate for this means.

7.6.6. **Hybrid.** The Hardware and Software portions of a Licensed Product shall be designed and manufactured in a manner associated and

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otherwise integrated with each other such that the Hardware portions comply with the level of protection that would be provided by a pure Hardware implementation, and the Software portions comply with the level of protection that would be provided by a pure Software implementation.

7.7. **Level of Protection – Core Functions.** "Core Functions" of AACS include encryption, decryption, authentication (including but not limited to authentication in the context of Managed Copy Authorization), use of a Bound Copy Method, maintaining confidentiality of Secrecy Required Values and integrity of Integrity Required Values, and preventing exposure of the video portions of compressed, Decrypted AACS Content to unauthorized access. The Core Functions of AACS shall be implemented in a reasonable method so that they:

7.7.1. Cannot be defeated or circumvented merely by using general-purpose tools or equipment that are widely available at a reasonable price, such as screwdrivers, jumpers, clips and soldering irons ("Widely Available Tools"), or using specialized electronic tools or specialized software tools that are widely available at a reasonable price, such as EEPROM readers and writers, debuggers or decompilers ("Specialized Tools"), other than devices or technologies whether hardware or software that are designed and made available for the specific purpose of bypassing or circumventing the protection technologies required by AACS ("Circumvention Devices"); and

7.7.2. Can only with difficulty be defeated or circumvented using professional tools or equipment, such as logic analyzers, chip disassembly systems, or in-circuit emulators or any other tools, equipment, methods, or techniques not described in Section 7.7.1 such as would be used primarily by persons of professional skill and training, but not including professional tools or equipment that are made available only on the basis of a non-disclosure agreement or Circumvention Devices.

7.8. **Level of Protection – User-Accessible Busses.** The requirement of Section 7.5 regarding the video portions of uncompressed Decrypted AACS Content transmitted over a User-Accessible Bus in digital form shall be implemented in a reasonable method that is difficult to defeat or circumvent by the use of Widely Available Tools or Specialized Tools, not including Circumvention Devices, as those capitalized terms are defined in 7.7.1. In the foregoing, the level of difficulty applicable to Widely Available Tools is such that a typical consumer should not be able to use such tools, with or without instruction, to intercept the video portions of such Decrypted AACS Content without risk of serious damage to the product.

7.9. **Level of Protection – Unprotected Outputs.** Delivery of the video portions of such Decrypted AACS Content to the functions described in Part 2, Section 2.2

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and of the audio portions of such Decrypted AACS Content to the functions described in Part 2, Section 2.3.1 shall be implemented in a reasonable method that is intended to make such functions difficult to defeat or circumvent by the use of Widely Available Tools, not including Circumvention Devices or Specialized Tools as defined in Section 7.7.1.

7.10. **Level of Protection – Watermark Requirements.** The Watermark Requirements and the requirements of Section 7.6.3 shall be implemented in a reasonable method that is difficult to defeat or circumvent by the use of Widely Available Tools or Specialized Tools, not including Circumvention Devices as those capitalized terms are defined in Section 7.7.1. In the foregoing, the level of difficulty applicable to Widely Available Tools is such that a typical consumer should not be able to use such tools, with or without instruction, to defeat or circumvent the Watermark Requirements or the requirements of 7.6.3 without risk of serious damage to the product.

7.11. **Level of Protection - Handling of Volume ID, Media ID, Binding Nonce and PMSN.** In a Licensed Product that does not implement AACS Drive Authentication, the portion of such Licensed Product that retrieves AACS Content from the optical media and the portion of such Licensed Player that performs the AACS decryption function shall be designed and manufactured in a manner associated and otherwise integrated with each other such that the Volume ID, Media ID, Binding Nonce and PMSN (as those terms are defined in the Specifications) flowing between them are reasonably secure from modification.

7.12. **Level of Protection - KCD.** In a Licensed Player or Licensed Copier that utilizes KCD (as that term is defined in the Specifications), the portion of such Licensed Product that retrieves AACS Content from the optical media and the portion of such Licensed Product that performs the AACS decryption function shall be designed and manufactured in a manner associated and otherwise integrated with each other such that when KCD flows between them it is reasonably secure from discovery. Licensed Drives shall not provide access to KCD, except where Adopter implements means in such drives that are designed to enable access to KCD solely within Adopter's Licensed Product compliant with the immediately previous sentence.

7.13. **Advance of Technology.** Although an implementation of a Licensed Product when designed and first shipped may meet the above standards, subsequent circumstances may arise which, had they existed at the time of design of a particular Licensed Product, would have caused such Licensed Product to fail to comply with these Robustness Rules ("New Circumstances"). If Adopter has (a) actual notice of New Circumstances, or (b) actual knowledge of New Circumstances (the occurrence of (a) or (b) hereinafter referred to as "Notice"), then within eighteen (18) months after Notice such Adopter shall cease distribution of such Licensed Product and shall only distribute Licensed Products

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that are compliant with the Robustness Rules in view of the then-current circumstances, provided however that Adopter may continue to distribute Robust Inactive Products under the terms and conditions applicable under Section 6.2.2 of the Interim Adopter Agreement as if the date of Notice were instead the date of termination or expiration.

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Part 3: Compliance Rules for Content Providers/Participants and Licensed Content Producers

1. Requirements for Prerecorded AACS Content

1.1. **Applicability.** This Part 3 Section 1 is applicable to all Content Participants, Content Providers and Licensed Content Producers making Licensed Content Products with respect to use of AACS to protect prerecorded content (including the use of AACS as applied to ROM discs or to recordable discs).

1.2. **Digital Only Token ("DOT")**.

1.2.1.   Content Participant/Provider may assert the Digital Only Token only with respect to (a) Non-Consumer Products and/or (b) LCP Units Released in a given country within the first six (6) weeks after the first Theatrical Release of substantially similar Digital Entertainment Content in such country, provided that in the event of the circumstances set forth in this part (b), within six (6) months after such first Theatrical Release, Content Participant/Provider shall Release in such country LCP Units containing a version of such Licensed Content Product that does not assert the Digital Only Token.

1.2.2.   A Licensed Content Producer making Licensed Content Products shall not embed the Digital Only Token except in accordance with instructions from the Content Participant/Provider for which it is making the Licensed Content Product.

1.3 **Image Constraint Token ("ICT")**.

1.3.1   A Licensed Content Producer making Licensed Content Products shall not embed the Image Constraint Token except in accordance with instructions from the Content Participant/Provider for which it is making the Licensed Content Product.

1.3.2   Content Participants/Providers shall not, prior to December 31, 2010, direct Licensed Content Producers to embed the Image Constraint Token in Licensed Content Products offered for sale or other distribution in a country in which there was a government or quasi-government regulation or equivalent prohibiting the use of an Image Constraint Token, or equivalent, for scrambled or encrypted content as of November 30, 2005.

1.3.3   **Image Constraint Token and Digital Only Token Disclosure**.
If Content Participant/Provider has directed that the Image Constraint Token and/or Digital Only Token be set with respect to a particular LCP Unit, then the fact that such Image Constraint Token and/or Digital Only Token (as applicable)

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is set shall be disclosed by the Content Participant/Provider to the consumer either (i) on such LCP Unit's product packaging; or (ii) only in the case of a consumer product, by other reasonable means that allows the consumer to be aware at the point of initial purchase that the Image Constraint Token and/or Digital Only Token (as applicable) is set with respect to such LCP Unit.

1.4 **CCI Settings**. In content protected by AACS other than pursuant to the AACS Blu-ray Recordable Book, a Content Provider/Participant may set CCI to Copy Never, No More Copies, Copy Control Not Asserted but encryption protection required, or Copy One Generation. With respect to content that Content Provider/Participant records or causes to be recorded to AACS Recordable Media pursuant to the AACS Blu-ray Disc Recordable Book - in the context of manufacturing on demand, download to burn, or professional reproduction done at the direction of the content owner - a Content Provider/Participant may set CCI to No More Copies or Copy Control Not Asserted but encryption protection required and may not set CCI to Copy One Generation or Copy Never.

1.5 **3D Managed Copy**. The three_d_only element may be asserted only if the title is a 3D-only title, such that 2D playback has been disabled via the relevant format mechanism as detailed in the applicable technical specification for such format, and that all notice requirements indicating the 3D-only nature of the title be followed. If 2D conversion for viewing is permitted, 2D Managed Copy must also be permitted. The three_d_full_frame_only element may be set at the discretion of the Content Participant/Provider until such time as AACS LA, in its sole discretion and according to its relevant decision-making rules, may choose to constrain (including up to prohibiting outright) further ability to assert this bit.

Part 4: Audio Watermark Embedding, Screening and Enforcement Requirements

A. Licensed Access Product Screening and Enforcement Requirements

For the avoidance of doubt, the Robustness Rules apply to the Watermark Requirements

These Compliance Rules are applicable to Licensed Access Products that are Accessing Audiovisual Content from an Encryption Drive or Signature Drive for the purpose of playing back or copying such Audiovisual Content.

Licensed Access Products are subject to these Compliance Rules in relation to two sunrise dates – the "Primary Sunrise Date," and the "Secondary Sunrise Date", each of which will be provided in Notices to Licensees. In each case, the Licensed Access Products that are subject to the obligations associated with each sunrise date are those that are Produced, or if a unit is a Robust Inactive Product, first Activated, on or after the sunrise date. Further, in relation to the production or activation of a Licensed Access Product, Adopter shall not alter its normal business practices with respect to the development and release of new Implementations of hardware or software (including their release to particular distribution channels), or the configuration of Licensed Products by artificially separating recording and playback functions into separate products, or the management of inventory, in each case for the purpose of evading the requirements associated with the applicable sunrise date. Notwithstanding the foregoing, Adopter shall not ship or download any further units of any software Licensed Product later than six months after the applicable sunrise date without causing it to comply with the requirements applicable to Licensed Access Products Produced on or after the relevant sunrise date.

 1. Any Licensed Access Product Produced on or after the Primary Sunrise Date, shall cause the Audio Watermark Detector to screen the audio portion of Audiovisual Content that such Licensed Access Product is Accessing from an Encryption Drive or a Signature Drive for the purpose of playing back or for the purpose of copying such Audiovisual Content. For the avoidance of doubt:

  a. a Licensed Access Product may Access Audiovisual Content for the purpose of copying such Audiovisual Content (whether copying to internal storage of the Licensed Access Product or copying to removable media) without screening such Audiovisual Content at the time it is copied (or as otherwise provided in (c), below) only where such Licensed Access Product is designed to ensure, in a robust manner, that the copy of such Audiovisual Content (and subsequent copies of that copy made by that same Licensed Access Product) will be screened and the appropriate Watermark Enforcement Action, if any, is taken on or prior to the playback of such copy by such Licensed Access Product, and provided that screening by such Licensed Access Product on play back of such Audiovisual Work shall be subject to these Watermark Compliance Rules (including

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Part 4 Section B, below) as if the Licensed Access Product were Accessing the Audiovisual Content from an optical disc in an Encryption Drive or a Signature Drive;

b. the portion of the Audiovisual Content that shall be screened pursuant to this obligation shall be the audio signal that is ultimately output from the Licensed Access Product or, in the case of copying to storage media within the Licensed Access Product, written to the storage media (including multiple channels in accordance with the Cinavia Specifications in the case where such audio signal is a multi-channel audio feed), provided that screening of audio shall be in conformance with the requirements of Part 4 Section B., below;

c. screening of Audiovisual Content that is being Accessed for the purpose of copying may occur either during the actual copying operation or prior to the copying operation, provided that if screening occurs prior to the copying operation, the Licensed Access Product is designed to ensure in a robust manner that the Audiovisual Content being copied is the same as the Audiovisual Content that was screened prior to the copying operation; and

d. with respect only to Licensed Access Products that are Produced prior to the Secondary Sunrise Date and that are screening Audiovisual Content encrypted using AACS Recordable Video under the Compliance Rules in effect prior to the version issued in January 2012, a Licensed Access Product that is Accessing Audiovisual Content encrypted using AACS Recordable where such Audiovisual Content has the Trusted Source Mark Screening Required field set to "Trusted Source Mark Screening is not required" (a bit setting of "1") and the CCI for the content set to "Copy One Generation," in lieu of screening for the Trusted Source State in such Audiovisual Content, may treat the CCI of such Audiovisual Content as if it had been set to No More Copies for all internal and external copying and output purposes. For the avoidance of doubt, this special rule does not apply to screening for the No Home Use State nor to screening for the Trusted Source State where the Audiovisual Content has either: (a) the Trusted Source Mark Screening Required field set to "Trusted Source Mark Screening is required" (a bit setting of "0") without regard to the CCI setting for such content; or (b) the Trusted Source Mark Screening Required Field set to "Trusted Source Mark Screening is not required" (a bit setting of "1") and the CCI set to EPN or Copy Freely. In those cases, screening shall proceed according to the rules set forth in this Part 4.

2. The Licensed Access Product shall ensure that such screening is accomplished according to the requirements in the Cinavia™ Specifications and the following rules:

a. The Audio Watermark Detector may use either Intermittent Mode or Continuous Mode.

b. With respect to screening for the AACS Trusted Source State,

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(1) A Licensed Access Product shall not screen Audiovisual Content for the AACS Trusted Source State where such Audiovisual Content is protected by a Trusted Source Mark Allowed Technology, provided that for a technology that is a Trusted Source Mark Allowed Technology based on that technology having a method for distinguishing between Trusted Non-AACS Protected Content (as defined on Table W to these Compliance Rules) and Unknown Non-AACS Protected Content (as defined on Table W to these Compliance Rules), the Licensed Access Product shall use that method to ensure that particular Audiovisual Content protected by that technology as Unknown Non-AACS Protected Content (as defined on Table W to these Compliance Rules) is screened for the AACS Trusted Source State. Technologies that are Trusted Source Mark Allowed Technologies based on having such methods are noted as such on Table W. NOTE: Licensed Access Products Produced prior to the Secondary Sunrise date may, but are not required to, screen Audiovisual Content for the AACS Trusted Source State where such Audiovisual Content is protected by CPRM for DVD-Video Recording, provided, for the avoidance of doubt, that Licensed Access Products Produced on or after the Secondary Sunrise date shall screen Audiovisual Content for the AACS Trusted Source State where such Audiovisual Content is protected by CPRM for DVD-VR.

(2) The Audio Watermark Detector shall use PEL or SEL according to the information contained in a Trusted Source Mark detected in the Audiovisual Content being screened, provided that if AACS LA has notified Adopter that embedding of SEL only is permitted, then any Audio Watermark Detector produced on or after the date of such notice may be equipped to screen using SEL only and, accordingly, may ignore information contained in Audiovisual Content being screened with respect to whether SEL or PEL should be used for screening that Audiovisual Content.

(3) The Audio Watermark Detector shall treat screened content as Short Form Content or Long Form Content based on information contained in any Trusted Source Mark detected in the content being screened.

(4) A Licensed Access Product Produced prior to the Secondary Sunrise date that is Accessing Audiovisual Content encrypted using AACS Recordable Video where such Audiovisual Content has the Trusted Source Mark Screening Required field set to "Trusted Source Mark Screening is not required" (a bit setting of "1") is permitted not to screen such Audiovisual Content for the Trusted Source State. For the avoidance of doubt, a Licensed Access Product Produced on or after the Secondary Sunrise Date that is Accessing Audiovisual Content encrypted using AACS Recordable Video shall screen such Audiovisual Content for the Trusted Source State without regard to the setting of the Trusted Source Mark Screening Required field (i.e., irrespective of whether the bit setting is "1" or "0"). For the further avoidance of doubt, a Licensed Access Product that is Produced prior to the Secondary Sunrise date is permitted (and recommended) to screen Audiovisual Content encrypted using AACS Recordable Video for the Trusted Source State without regard to the setting of the Trusted Source Mark Screening Required field.

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c. With respect to screening for the AACS No Home Use State, the Audio Watermark Detector shall perform screening pursuant to the requirements set forth in the Cinavia Specifications. For the avoidance of doubt, the Audio Watermark Detector shall screen for the AACS No Home Use State irrespective of whether such Audiovisual Content is encrypted with a TSMAT (including but not limited to AACS Technology), or such Audiovisual Content is AACS Signed Content or such Audiovisual Content is unencrypted.

d. The Audio Watermark Detector shall reset its Audio Watermark screening processes only pursuant to the requirements contained in the Cinavia™ Specifications.

3. Any Licensed Access Product Produced on or after the Primary Sunrise Date, shall convey to the Audio Watermark Detector that:

a. any Audio Watermark containing the AACS No Home Use State is enforceable in any screened Audiovisual Content; and

b. any Audio Watermark containing the AACS Trusted Source State is enforceable in screened Audiovisual Content not obtained from a TSMAT.

4. Any Licensed Access Product Produced on or after the Primary Sunrise Date, shall respond to each Watermark Enforcement Trigger Notice as follows:

a. the Licensed Access Product shall respond to each Trusted Source Mark Enforcement Trigger Notice provided by the Audio Watermark Detector associated with that Licensed Access Product by taking a Trusted Source Mark Enforcement Action as specified in the Watermark Enforcement Trigger Notice. If a Licensed Access Product is Accessing particular Audiovisual Content for the purpose of playback and a new Trusted Source Mark Enforcement Trigger Notice is reported by the Audio Watermark Detector while a previous Trusted Source Mark Enforcement Action is already in effect, then the Licensed Access Product shall extend the Trusted Source Mark Enforcement Action for an additional Enforcement Period from the time that the new Trusted Source Mark Enforcement Trigger Notice was reported.

b. the Licensed Access Product shall respond to each No Home Use Mark Enforcement Trigger Notice provided by the Audio Watermark Detector associated with that Licensed Access Product by taking an AACS No Home Use Mark Enforcement Action. If a Licensed Access Product is Accessing particular Audiovisual Content for the purpose of playback and a No Home Use Mark Enforcement Trigger Notice is reported by the Audio Watermark Detector while a Trusted Source Mark Enforcement Action is already in effect, then the Licensed Access Product shall take the No Home Use Mark Enforcement Action in lieu of continuing the Trusted Source Mark Enforcement Action.

c. the Licensed Access Product shall initiate any required Watermark Enforcement Actions within one (1) second of receiving the Watermark Enforcement Trigger Notice.

d. in relation to responding to any Watermark Enforcement Trigger Notices a Licensed Access Product shall not provide any message or other direction to a consumer with respect to a Content Participant or Content Provider without the written permission of the particular Content Participant or Content Provider in relation to the specific work protected.

5. For the avoidance of doubt, these Watermark Compliance Rules require screening of Audiovisual Content and do not require screening in the process of performing functions other than playback or copying of Audiovisual Content (e.g., functions such as reading books, reviewing business productivity documents, or playing games) , provided that performance of such other functions simultaneously with playback or copying of Audiovisual Content does not relieve any obligation to screen such Audiovisual Content.

6. AACS may suspend or eliminate the screening and response requirements in these Watermark Compliance Rules in the event that the Audio Watermark is not available on reasonable and non-discriminatory terms and conditions.

7. Bypassing or Avoidance. Adopter hereby agrees that Adopter shall not distribute, or knowingly cooperate in distributing, a Licensed Access Product (or final consumer product into which such Licensed Access Product is incorporated) which is configured, as part of its standard user experience for Accessing Audiovisual Content from an optical reader which can be used to read AACS Content or AACS Signed Content, for the purpose of automating or otherwise directly facilitating the bypassing or avoidance of performance of these Watermark Requirements by the Licensed Access Product or the Audio Watermark Detector when Accessing such content from such reader.

Furthermore, Adopter agrees not to provide specific instructions for, or otherwise knowingly participate in, such configuration of such Licensed Access Product (or final consumer product into which such Licensed Access Product is incorporated) following its distribution, or advertise or provide specific instructions for use of such Licensed Access Product or final consumer product for the purpose of bypassing or avoiding performance of these watermark screening and enforcement obligations by the Licensed Access Product or Audio Watermark Detector when Accessing Audiovisual Content from an optical reader which can be used to read AACS Content or AACS Signed Content.

If Adopter licenses its Licensed Access Product for incorporation in final consumer products made by third parties, Adopter shall use reasonable efforts to require such third parties not to distribute, or knowingly cooperate in distributing, such final consumer products in a form that is so configured, or provide specific instructions for or

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otherwise knowingly participate in such configuration of such final consumer products following their distribution, or advertise or provide specific instructions for use of such final consumer product for the purpose of bypassing or avoiding performance of these watermark screening and enforcement obligations by the Licensed Access Product or the Audio Watermark Detector when Accessing Audiovisual Content from the optical reader which can be used to read AACS Content or AACS Signed Content. Should Adopter's reasonable efforts to so require fail, Adopter agrees to cooperate in good faith with AACS LA's efforts to so require.

B. Special Rule Regarding Decoding Audio

For the purpose of this Subpart B, a Licensed Access Product shall be deemed "capable of" decoding all audio formats that are mandatory under any audiovisual format license applicable to such Licensed Access Product and shall also be "capable of" decoding all audio formats that are actually supported by such Licensed Access Product.

In a case where the Licensed Access Product is retrieving Audiovisual Content from an optical disc and the audio portion of the Audiovisual Content is in encoded form, prior to sending the audio portion of such Audiovisual Content to an output or copying, in addition to complying with the requirements of subsection A, above, a Licensed Access Product shall

     1. where the Licensed Access Product is capable of doing so, decode the audio sufficiently to permit the Audio Watermark Detector to perform screening, pursuant to the requirements set forth in the Cinavia Specifications, or

     2. where the Licensed Access Product is not capable of decoding the audio sufficiently to permit the Audio Watermark Detector to perform screening, pursuant to the requirements set forth in the Cinavia Specifications,

        a. for Licensed Access Products Produced before the Secondary Sunrise Date, either (x) perform the function described in b(1) below or (y) permit the output of the encoded audio or copying of the Audiovisual Content without screening; and

        b. for Licensed Access Products Produced on or after the Secondary Sunrise Date, seek from that optical disc an alternative form of audio that the Licensed Access Product is capable of decoding and that is available as part of such Audiovisual Content and

           (1) if such alternate form of audio is found, cause the Audio Watermark Detector to perform screening using such alternate form of audio for the Audiovisual Content pursuant to the requirements set forth in the Cinavia Specifications,; or

(2) in the absence of any form of audio for the Audiovisual Content that the Licensed Access Product is capable of decoding and that is available as part of the Audiovisual Content, output the encoded audio or copy the Audiovisual Content without screening.

C. **Content Participant and Content Provider requirements**

1. A Content Participant or Content Provider may embed, or have embedded, the AACS Trusted Source State only in Audiovisual Content in content files prepared by professionals under the direction of a license agreement, contract, or similar arrangement from a person or entity with a good faith belief they have the rights to authorize the making of such files, where the content is either:

a. not provided to consumers; or

b. provided to consumers (including, without limitation, on prerecorded or recordable media, via download or similar electronic distribution, or on an additional Audiovisual Content file on optical media) only using a technology listed on Table E, and only where –

(1) such Audiovisual Content contains CCI marked as "Copy Never" or is similarly restricted from being copied based on CCI or its equivalent as the authorization for copying (i.e., any copy that is made must be pursuant to online authorization, token or activation code supplied for the content, or similar non-CCI authorization), provided that the CCI in any output of the Audiovisual Content (or a copy of the Audiovisual Content) shall be "Copy Never",

(2) in the course of its authorized distribution or authorized use (including through authorized outputs), such Audiovisual Content would not be Accessed by Licensed Access Products from optical media unless protected by a technology listed on Table W,

(3) in any such content in which it embeds, or has embedded, the AACS Trusted Source State, the Content Participant or Content Provider ensures that such AACS Trusted Source State --

A. contains information accurately marking content as Long Form Content as such (however, for clarification purposes, Short Form Content may be marked as either Short Form Content or Long Form Content),

B. contains information to trigger Secondary Enforcement Logic whenever such embedding is required by AACS LA. Such a requirement shall be provided by AACS LA to Content Participant or Content Provider in the manner provided for notices in the Content Participant Agreement or Content Provider Agreement. Irrespective of whether AACS LA has required embedding to trigger

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Secondary Enforcement Logic, Content Participant or Content Provider may embed so as to trigger Secondary Enforcement Logic in any in any Audiovisual Content eligible for embedding the AACS Trusted Source State, and

                C. utilizes embedding strength levels in conformance with any embedding strength level requirements that may be issued by AACS LA, and

        (4) such Audiovisual Content

                A. is released in substantially similar form protected by AACS Technology by the date which is 6 months after initial distribution of such content;

                B. is available to be copied by a consumer in an authorized manner in a form protected by AACS Technology; or

                C. is protected with the Content Scramble System with AACS Signature.

      2. A Content Participant or Content Provider may embed, or have embedded, the AACS No Home Use State in the versions of Audiovisual Content that should not be encountered in the consumer home environment, provided that if a Content Participant/Provider embeds the AACS No Home Use State in a particular title of Audiovisual Content, such Content Participant or Content Provider shall release such title in AACS protected form as required in Section 5.1 of the Content Participant Agreement or Content Provider Agreement and provided further that if the AACS No Home Use State is embedded in any Audiovisual Content that is released on optical media, such Audiovisual Content shall be (i) labeled on the optical disc that the embedded Audiovisual Content is not enabled for consumer home use, and (ii) encoded or formatted so that it (i.e., other than due to the use of the No Home Use State) does not play back in normal consumer home use.

D. Licensed Content Producer

May embed the AACS Trusted Source State or the AACS No Home Use State only in accordance with instructions from a Content Participant or Content Provider.

TABLE A1

AACS Authorized Analog Outputs

Note: Table A1 and the AACS Authorized Analog Outputs may be amended by AACS LA from time to time consistent with the Adopter Agreement and Section 3.6 of the Content Participant Agreement

AACS Authorized Analog Outputs	Associated Restrictions and Obligations
Computer Monitor Outputs: VGA, SVGA (800X600 and greater), XGA (1024X768), SXGA, UXGA, and DVI-A or similar computer video outputs, that are widely implemented as of June 1, 2004.	Subject to the sunset requirements set forth in Sections 2.2.2.1 and 2.2.2.2 of Part 2 of these Compliance Rules, a Licensed Player that is incorporated into a computer product may pass Decrypted AACS Content for which the Digital Only Token was not set to these outputs. If the Image Constraint Token is set for such content, it must be passed as a Constrained Image.
Component Video Outputs 415K Resolution and High Definition	Subject to the sunset requirements set forth in Sections 2.2.2.1 and 2.2.2.2 of Part 2 of these Compliance Rules, a Licensed Player may pass Decrypted AACS Content for which the Digital Only Token was not set to these outputs provided that such Licensed Player: (a) passes such content as a Constrained Image if the Image Constraint Token is asserted; and (b) supports Macrovision Analog Protection System ("APS") and applies to the output Macrovision in accordance with the APS1 settings if APS1 is selected; and (c) applies to the output CGMS-A/Copyright information, APS/APS trigger bits and where indicated, Redistribution Control Descriptor ("RCD")/Redistribution Control Information ("RCI") where specified below with a setting that corresponds to the setting of the CCI field and APSTB, provided that a Licensed Player that is playing Audiovisual Content from AACS

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	Recordable Media may treat a COG CCI setting as if it were a NMC CCI setting (see Part 4, Section A.1.d., above) and, in that case, shall output the settings noted above in accordance with a NMC CCI setting for that Audiovisual Content;
	in the case of (b) and (c) above as further set forth for each output in the details below.
	A Licensed Player may, but is not required to, support Dwight Cavendish System (DCS), and apply to such output DCS in accordance with the APS2 settings if APS2 is selected and APS1 is not selected.
	AACS LA may amend certain of these obligations, or specify alternative means to comply, if AACS LA finds that the required technologies are not available on fair, reasonable and nondiscriminatory terms.
	480i YUV, YPbPr or Y,R-Y,B-Y component: Macrovision: The Automatic Gain Control copy control system (specified in the document entitled "Specifications of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, (September 30, 1999)" or "Specifications of the Macrovision Copy Protection Process, Revision 7.2.H1, (October 3, 2005)"), triggered according to the requirements above.
	Dwight Cavendish (optional): version 6.1.a2 of the DCS technology, if triggered as set forth above.
	CGMS-A, APS/APS trigger bits and RCD:
	(i) CGMS-A and APS trigger bits signaling on Lines 20 and 283 according to IEC 61880:1998
	AND

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	(ii) CGMS-A and APS signaling on line 21 of field 2 (Line 284) according to CEA-608-E, where the repetition rate for the CGMS-A and APS should be no less than once every 10 seconds for Line 284 signaling
	AND in devices using chips with part numbers having a date of first commercial availability after October 1, 2007,
	(iii) RCD signaling on Line 21 of field 2 (Line 284) according to CEA-608-E, where the repetition rate for the RCD should same as for CGMS-A.
	480p YUV, YPbPr or Y,R-Y,B-Y component:
	Macrovision: The Automatic Gain Control copy control system (specified in the document entitled "Specifications of the Macrovision AGC Copy Protection Waveforms for Products with 525p (480p) Progressive Scan Outputs, Revision 1.2 (February 24, 2003)"), triggered according to the requirements above.
	Dwight Cavendish (optional): version 6.1.a2 of the DCS technology, if triggered as set forth above.
	CGMS-A, APS/APS trigger bit and RCI:
	(i) CGMS-A and APS trigger bit signaling on Line 41 according to IEC 61880-2:2002
	AND in devices using chips with part numbers having a date of first commercial availability after October 1, 2007
	(ii) CGMS-A, APS and RCI signaling on Line 40 for Type B according to CEA-805-D.

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	576i Component YUV, YPbPr and Y,R-Y,B-Y: Macrovision: The Automatic Gain Control copy control system (specified in the document entitled "Specifications of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, (September 30, 1999)" or "Specifications of the Macrovision Copy Protection Process, Revision 7.2.H1 (October 3, 2005)"), triggered according to the requirements above. Dwight Cavendish (optional): version 6.1.a2 of the DCS technology, if triggered as set forth above. Copyright information: (i) Line 23 according to ETSI EN 300 294 AND (ii) For such devices using a SCART connector, the SCART connector must be configured so that the RGB signal carried by that connector must always be accompanied by a composite signal and that composite signal must provide the only synchronization for the RGB signal. RGB analog video outputs shall only be allowed as permitted herein. **576p YUV, YPbPr or Y,R-Y,B-Y component:** Macrovision: The Automatic Gain Control copy control systems (specified in the document entitled "Specification of the Macrovision AGC Copy Protection

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	Waveforms for Products with 525p and/or 625p YPbPr Progressive Scan Outputs, Revision 1.2 (February 24, 2003)"), triggered according to the requirements above.
	Dwight Cavendish (optional): version 6.1.a2 of the DCS technology, if triggered as set forth above.
	Copyright information:
	(i) Line 43 according to IEC 62375-2004
	AND
	(ii) For such devices using a SCART connector, the SCART connector must be configured so that the RGB signal carried by that connector must always be accompanied by a composite signal and that composite signal must provide the only synchronization for the RGB signal. RGB analog video outputs shall only be allowed as permitted herein.
	720p YUV, YPbPr or Y,R-Y,B-Y component:
	CGMS-A, APS/APS trigger bits and RCI:
	(i) CGMS-A, APS trigger bits signaling on Line 24 of 720p according to JEITA EIAJ CPR 1204-2 complemented by bit assignment definition in IEC 61880:1998
	AND in devices using chips with part numbers having a date of first commercial availability after October 1, 2007
	(ii) CGMS-A, APS and RCI signaling on Line 23 for Type B according

	to CEA-805-D
	
	1080i YUV, YPbPr or Y,R-Y,B-Y component:
	
	CGMS-A, APS/APS trigger bits and RCI
	
	    (i) CGMS-A, APS trigger bits signaling on Lines 19 and 582 of 1080i according to JEITA EIAJ CPR 1204-2 complemented by bit assignment definition in IEC 61880:1998
	
	    AND in devices using chips with part numbers having a date of first commercial availability after October 1, 2007
	
	    (ii) CGMS-A, APS and RCI signaling on Lines 18 and 581 of 1080i for Type B according to CEA-805-D

Composite Video Outputs: 415K Resolution: NTSC, SECAM, and PAL (including S-video outputs for the listed formats)	Subject to the sunset requirements set forth in Sections 2.2.2.1 and 2.2.2.2 of Part 2 of these Compliance Rules, a Licensed Player may pass Decrypted AACS Content for which the Digital Only Token was not set to these outputs provided that such Licensed Player (a) supports Macrovision APS and applies to the output Macrovision in accordance with the APS1 settings if APS1 is selected; and (b) applies to the output CGMS-A/Copyright information, APS/APS trigger bits and where applicable RCD with a setting that corresponds to the setting of the CCI field and APSTB, provided that a Licensed Player that is playing Audiovisual Content from AACS Recordable Media may treat a COG CCI setting as if it were a NMC CCI setting (see Part 4, Section A.1.d., above) and, in that case, shall output the settings noted

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above in accordance with a NMC CCI setting for that Audiovisual Content.;

in both cases as further set forth for each output in the details below.

A Licensed Player may, but is not required to, support Dwight Cavendish System (DCS), and apply to such output DCS in accordance with the APS2 settings if APS2 is selected and APS1 is not selected.

AACS LA may amend certain of these obligations, or specify alternative means to comply, if AACS LA finds that the required technologies are not available on fair, reasonable and nondiscriminatory terms.

480i RF, Composite or S-Video:

Macrovision: The Automatic Gain Control and Colorstripe copy control systems (specified in the document entitled "Specifications of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, (September 30, 1999)" or "Specifications of the Macrovision Copy Protection Process Revision 7.2.H1 October 3, 2005)"), triggered according to the requirements above.

Dwight Cavendish (optional): version 6.1.a2 of the DCS technology, if triggered as set forth above.

CGMS-A, APS/APS trigger bit and RCD:

(i)   CGMS-A and APS trigger bits signaling on Lines 20 and 283 according to IEC 61880:1998

AND

(ii)   CGMS-A and APS signaling on Line 21 of field 2 (Line 284) according to CEA-608-E, where the repetition rate for the CGMS-A and APSTB should be no less than

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<table>
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once every 10 seconds for Line 284 signaling

AND in devices using chips with part numbers having a date of first commercial availability after October 1, 2007

(iii)   RCD signaling on Line 21 of field 2 (Line 284) according to CEA-608-E, where the repetition rate for the RCD should same as for CGMS-A.

576i RF, Composite, S-Video:

Macrovision: The Automatic Gain Control and Colorstripe copy control systems (specified in the document entitled "Specifications of the Macrovision Copy Protection Process for DVD Products, Revision 7.1.D1, (September 30, 1999)" or "Specifications of the Macrovision Copy Protection Process Revision 7.2.H1, (October 3, 2005)"), triggered according to the requirements above.

Dwight Cavendish (optional): version 6.1.a2 of the DCS technology if triggered as set forth above.

Copyright information signaling on Line 23 according to ETSI EN 300 294.

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TABLE C1

AACS Authorized Copying Methods

Note: Table C1, and the obligations related to the AACS Authorized Copying Methods, may be amended by AACS LA from time to time consistent with the Adopter Agreement and the Change Management Provisions of the Content Participant Agreement and (i) with respect to the addition of AACS Authorized Copying Methods, in accordance with the AACS document entitled "Evaluation of Proposed Digital Outputs and Secure Recording Technologies", (ii) with respect to the Suspension and/or Delisting of AACS Authorized Copying Methods, in accordance with Section 2 and/or Section 3, as applicable, of Exhibit F to the Content Participant Agreement, and (iii) with respect to conditioning or restricting the use of AACS Authorized Copying Methods, Section 3 of Exhibit F to the Content Participant Agreement.

For avoidance of doubt regarding the making of an authorized copy, processing of Decrypted AACS Content prior to protection by the AACS Authorized Copying Method or Content Owner Authorized Copying Method is subject to the AACS Robustness and Compliance Rules. Examples of such processing include transcoding or decimation to constrained image that occur prior to protection by the Authorized Copying Methods. Once protected by the Authorized Copying Methods, processing of the content becomes subject to the Authorized Copying Methods compliance and robustness rules (note: content protected by a Bound Copy Method remains subject to AACS Compliance and Robustness Rules).

When a copy of Decrypted AACS Content is authorized, either by CCI or by an Online Transaction for Managed Copy, a Licensed Copier may make such copy using AACS Authorized Copying Methods defined in the table below pursuant to the requirements of this table, the Specifications and this Agreement.

Copies authorized either via CCI or by an Online Transaction for Managed Copy shall use the default permission settings and up to the Obligated Managed Copy Resolutions below except as modified pursuant to an Online Transaction for Managed Copy. A Managed Copy authorized through an Online Transaction for Managed Copy shall be permitted even if the CCI permission setting of the source is set to Copy Never or No More Copies. Copies authorized by CCI must respect the CCI settings for the copies made; for instance, if source is marked "Copy One Generation" a copy made from that source is marked "Copy No More".

Capitalized terms used in the following table, but not otherwise defined in this Agreement shall have the meaning set forth in the relevant agreements associated with that AACS Authorized Copying Method.

Note: Technologies listed on Table C-1 are approved by AACS LA based on receipt of a signed AACS Output Approval Agreement with the proprietor of those technologies.

Further, the listed technologies all implement analog sunset requirements such that content that originates as AACS Content subject to analog sunset requirements of these Compliance rules will also be subject to equivalent analog sunset requirements when output from the technologies listed on this table.

AACS Authorized Copying Methods	Default Permissions, Restrictions and Obligated Resolution
AACS Prepared Video Major MCOT ID: [AACS_PV]	Obligated Managed Copy Resolution: Full Resolution Default Permissions: The permissions of the copy are the same as the source disk. The Move Not Allowed setting shall be set to permit Move. Note: CCI based copying not supported Note: Move from AACS Prepared Video is permitted in accordance with the Specifications, the Agreement, and the Compliance Rules.

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AACS Recordable Video Major MCOT ID: Not Applicable	Obligated Managed Copy Resolution: Not Applicable ***NOTE: Managed Copy not permitted using AACS Recordable Video***[1] CCI copy resolution: Full Resolution Default Permissions: - If the CCI setting is Copy One Generation, the resulting CCI setting shall be set to No More Copies. - If the CCI setting is Copy Control Not Asserted and EPN-asserted, the resulting CCI setting of the copy shall be the same as the source. - ICT – same as source - DOT – same as source - APSTB – same as source A copy made pursuant to CCI is not limited to 415K Resolution. The Move Not Allowed setting shall be set to permit Move. Note: Move from AACS Recordable Video is permitted in accordance with the Specifications, the Agreement, and the Compliance Rules.
Bound Copy Method Major MCOT ID: [BCM]	Obligated Managed Copy Resolution: Full Resolution CCI copy resolution: Full Resolution Default Permissions: Bound Copy Methods shall store the following parameters in a manner that effectively ensures (using a cryptographic protocol or other effective means) the integrity of the parameters. - If the CCI setting is Copy One Generation, the resulting CCI setting shall be set to No More Copies. - If the CCI setting is Copy Control Not Asserted and EPN-asserted, the resulting CCI setting of the copy shall be the same as the source. - A Managed Copy authorized through an Online Transaction for

[1] Note that AACS Recordable Video may be added to Table C-2 at the request of a Content Participant/Provider. As a reminder, Content Participants/Providers are not required to provide Offers for the making of Managed Copies using copy methods listed on Table C-2.

	Managed Copy shall be permitted even if the CCI permission setting of the source is set to Copy Never or No More Copies in which case the resulting copy shall be marked the same as the source.
	• ICT – same as source
	• DOT – same as source
	• APSTB – same source
	
	Where the copy that is protected using a Bound Copy Method constitutes a CCI Managed Copy Equivalent as defined in the Content Participant Agreement, the Move Not Allowed setting shall be set to permit Move (see Sections 3.6 and 3.9 subject to Move)
	
	For purposes of making a Managed Copy using a Bound Copy Method, the Licensed Copier must use an MCOT ID, consisting of a Major MCOT ID and a minor MCOT ID [assigned by AACS LA] for that Bound Copy Method. A copy made using a Bound Copy Method shall meet all Content Protection Requirements applicable to Decrypted AACS Content under this Agreement, until such content is passed to an output permitted by this Agreement.
	
	For the Bound Copy Method, there is an additional requirement on any minor MCOT ID associated with "BCM". The minor MCOT ID shall be of the format:
	    AACSLicenseeID[.<sub-ID of licensee's choice>]
	Some examples:
	    9998
	    9999.MyPlatformName
	
	Note: Move from Bound Copy Method is permitted in accordance with the Specifications, the Agreement, and the Compliance Rules.

Content Protection for Recordable Media (CPRM) Major MCOT ID: [CPRM] Minor MCOT IDs: [DVD Recordable] (only when recording DVD Video Format)	NOTE: **CPRM – DVD Recordable (CPRM for Video Recording Format)("CPRM for DVD-VR")** is not permitted to be used for Managed Copies (although it is permitted to be used for CCI copies).[2] Inclusion of CPRM for DVD-VR on the table, below, should be read for CCI copying only. Obligated Managed Copy Resolution: 415K Resolution CCI copy resolution: 415K Resolution **Default Permissions – DVD Recordable:** <table><tr><th>AACS</th><th>CPRM – DVD Recordable (DVD Video Format)</th></tr><tr><td>For BD Adaptation: EPN = 0 (EPN asserted) CCI = 00</td><td>EPN = asserted CGMS = 01 (protect with CPRM but copy</td></tr></table>

[SD Memory Card]	For HD DVD Adaptation: PCCI = 011 (Encryption Plus non-assertion)	control restrictions not asserted without redistribution)	
	For BD Adaptation: CCI = 10 (Copy One Generation)	EPN = un-asserted CGMS = 01 (no more copies)	
	For HD DVD Adaptation: PCCI = 100 (Copy One Generation)		
	For BD Adaptation: EPN = 1 CCI = 00 (Copy Control Not Asserted)	EPN = un-asserted CGMS = 00 (copy freely)	
	For HD DVD Adaptation PCCI = 000 (Copy Freely)		
	For BD Adaptation CCI = 01 (No More Copies) (Applies to Move)	EPN = un-asserted CGMS = 01 (no more copies)	
	For HD DVD Adaptation PCCI – 010 (No More Copies) (Applies to Move)		
	For BD Adaptation CCI = 11 (Never Copy) (Applies to Managed Copy)	EPN = un-asserted CGMS = 11 (copy never)	
	For HD DVD Adaptation 110 (Copy Never) (Applies to Managed Copy)		
	AACS	**CPRM – DVD Recordable (CPRM for Video Recording Format)**	
	For BD Adaptation: EPN = 0 (EPN asserted) CCI = 00	EPN = 1 CGMS = 11 DCI_CCI data verified = yes (protected using CPRM but copy control restriction not asserted)	
	For HD DVD Adaptation: PCCI = 011 (Encryption Plus Non-assertion)		
	For BD Adaptation: CCI = 10 (Copy One Generation)	EPN = un-asserted CGMS = 11 (no more copies)	
	For HD DVD Adaptation: PCCI = 100 (Copy One Generation)		
	For BD Adaptation:	EPN = un-asserted	

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EPN = 1 CCI = 00 (Copy Control Not Asserted)	CGMS = 00 (copy freely)	
For HD DVD Adaptation PCCI = 000 (Copy Freely)		
For BD Adaptation CCI = 01 (No More Copies) (Applies to Move) For HD DVD Adaptation PCCI – 010 (No More Copies) (Applies to Move)	EPN = un-asserted CGMS = 11 (no more copies)	
For BD Adaptation CCI = 11 (Never Copy) (Applies to Managed Copy)	Not applicable	
For HD DVD Adaptation 110 (Copy Never) (Applies to Managed Copy)		
The remaining CCI mappings apply to both the AACS BD Adaptation and HD DVD Adaptation, and for CPRM DVD Video and CPRM for Video Recording Formats		
APSTB = 000 (APS off)	APSTB = 00 (APS off)	
APSTB = 001 (APS1 Type 1)	APSTB = 01 (APS Type 1)	
APSTB = 010 (APS1 Type 2)	APSTB = 10 (APS Type 2)	
APSTB = 011 (APS1 Type 3)	APSTB = 11 (APS Type 3)	
APSTB = 100-101 (reserved)	APSTB = NA	
APSTB = 110-111 (APS2)	APSTB = 00 (APS off)	
ICT = 0 (High Definition Analog Output in the form of Constrained Image)	N/A	
ICT = 1 (High Definition Analog Output in High Definition Analog Form)	N/A	
DOT = 0 (Output of decrypted content is allowed for Analog/Digital Outputs)	(Copy is allowed if CCI permits)	
DOT = 1 (Output of decrypted content is allowed only for	(Copy is not allowed until DOT is supported)	

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| | Digital Outputs) | | |

Note: Move from CPRM for DVD Recordable is not permitted.

Default Permissions – SD Memory Card, SD-Video, SD-Video TOD file / SD-SD Video Digital Stream Use:

AACS	CPRM – SD Memory Card
BD Adaptation: EPN = 0 (EPN asserted) CCI = 00	EPN = asserted E_CPF = 10 Encryption of packet sequence = on CGMS = copy freely
HD DVD Adaptation: PCCI = 011 (EPN asserted)	
BD Adaptation: CCI = 10 (Copy One Generation)	EPN = don't care E_CPF = 11 Encryption of packet sequence = on CGMS = no more copies
HD DVD Adaptation: PCCI = 100 (Copy One Generation)	
BD Adaptation: EPN = 1 CCI = 00 (Copy Control Not Asserted)	EPN = unasserted E_CPF = 00 Encryption of packet sequence = off CGMS = copy freely
HD DVD Adaptation: PCCI = 000 (Copy Freely)	
For BD Adaptation CCI = 01 (No More Copies) (Applies to Move)	EPN = don't care E_CPF = 11 Encryption of packet sequence = on CGMS = no more copies
For HD DVD Adaptation PCCI = 010 (No More Copies) (Applies to Move)	
For BD Adaptation CCI = 11 (Never Copy) (Applies to Managed Copy)	EPN = don't care E_CPF = 11 Encryption of packet sequence = on CGMS = no more copies
For HD DVD Adaptation 110 = (Copy Never) (Applies to Managed Copy)	

The remaining CCI mappings apply to both the AACS BD Adaptation and HD DVD Adaptation	
APSTB = 000 (APS off)	APSTB = 00 (APS off)
APSTB = 001 (APS1 Type 1)	APSTB = 01 (APS Type 1)
APSTB = 010 (APS1 Type 2)	APSTB = 10 (APS Type 2)
APSTB = 011 (APS1 Type 3)	APSTB = 11 (APS Type 3)
APSTB = 100-101 (reserved)	APSTB = NA

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APSTB = 110-111 (APS2)	APSTB = 00 (APS off)	
ICT = 0 (High Definition Analog Output in the form of Constrained Image)	N/A	
ICT = 1 (High Definition Analog Output in High Definition Analog Form)	N/A	
DOT = 0 (Output of decrypted content is allowed for Analog/Digital Outputs)	(Copy is allowed if CCI permits)	
DOT = 1 (Output of decrypted content is allowed only for Digital Outputs)	(Copy is not allowed until DOT is supported)	
Move Not Allowed =1 or 0	Current Move Control Information = 11 (Move unlimited times)	

Default Permissions –SD Memory Card, SD-Video ASF file and MP4 file / SD-SD Video General Use:

AACS	CPRM – SD Memory Card
BD Adaptation: EPN = 0 (EPN asserted) CCI = 00	Copy Count Control Information = 1111: EPN = asserted CGMS = copy freely
HD DVD Adaptation: PCCI = 011 (EPN asserted)	
BD Adaptation: CCI = 10 (Copy One Generation)	Copy Count Control Information = 0000: EPN = unasserted CGMS = no more copies
HD DVD Adaptation: PCCI = 100 (Copy One Generation)	
BD Adaptation: EPN = 1 CCI = 00 (Copy Control Not Asserted)	No encrypting key and CCI required
HD DVD Adaptation: PCCI = 000 (Copy Freely)	
For BD Adaptation CCI = 01 (No More Copies) (Applies to Move)	Copy Count Control Information = 0000: EPN = unasserted

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	For HD DVD Adaptation PCCI – 010 (No More Copies) (Applies to Move)	CGMS = no more copies
	For BD Adaptation CCI = 11 (Never Copy) (Applies to Managed Copy)	Copy Count Control Information = 0000: EPN = unasserted CGMS = no more copies
	For HD DVD Adaptation 110 (Copy Never) (Applies to Managed Copy)	

The remaining CCI mappings apply to both the AACS BD Adaptation and HD DVD Adaptation	
APSTB = 000 (APS off)	APSTB = 00 (APS off)
APSTB = 001 (APS1 Type 1)	APSTB = 01 (APS Type 1)
APSTB = 010 (APS1 Type 2)	APSTB = 10 (APS Type 2)
APSTB = 011 (APS1 Type 3)	APSTB = 11 (APS Type 3)
APSTB = 100-101 (reserved)	APSTB = N/A
APSTB = 110-111 (APS2)	APSTB = 00 (APS off)
ICT = 0 (High Definition Analog Output in the form of Constrained Image)	N/A
ICT = 1 (High Definition Analog Output in High Definition Analog Form)	N/A
DOT = 0 (Output of decrypted content is allowed for Analog/Digital Outputs)	(Copy is allowed if CCI permits)
DOT = 1 (Output of decrypted content is allowed only for Digital Outputs)	(Copy is not allowed until DOT is supported)
Move Not Allowed = 1 or 0	Current Move Control Information = 11 (Move unlimited times)

Note: When permitted, Move from CPRM for SD Memory Card is done in accordance with the 4C Specifications and Compliance Rules.

MagicGate Type-R Secure Video	Obligated Managed Copy Resolution: 415K Resolution CCI copy resolution: 415K Resolution

For review only – Not for execution

Recording for Memory Stick PRO (MG-R(SVR) for M.S. PRO) and for Embedded Memory with Playback and Recording Function (MG-R(SVR) for EMPR)	**Default Permissions:**						
	AAS Blu-ray Disc Adaptation				**MG-R(SVR) for Memory Stick PRO and MG-R (SVR) for EMPR**		
	CCI		**EPN**		**CCI**		**EPN**
Major MCOT ID: [MGRSVR] Minor MCOT IDs: [MSPRO] [EMPR]	00_2	Copy ontrol Not Asserted	1_2	EPN-unasserted	00_2	See the EPN field	1_2	EPN-unasserted (copy freely)
	00_2	Copy Control Not Asserted	0_2	EPN-asserted	00_2	See the EPN field	0_2	EPN-asserted
	10_2	Copy One Generation			10_2	No_more_copies	1_2	EPN-unasserted
	01_2	No More Copy (Applies to Move)			10_2	No_more_copies	1_2	EPN-unasserted
	11_2	Never Copy (Applies to Managed Copy)			10_2	No_more_copies	1_2	EPN-unasserted
	APSTB				**APSTB**		
	000_2	APS OFF			00_2		APS off
	001_2	APS1 ON: type 1 (AGC)			01_2		APS Type 1
	010_2	APS1 ON: type 2 (AGC + 2L colourstripe)			10_2		APS Type 2
	011_2	APS1 ON: type 3 (AGC + 4L colourstripe)			11_2		APS Type 3
	110_2	APS2 ON			00_2		APS off
	111_2	APS2 ON			00_2		APS off
	Others	Reserved			00_2		APS off
	Image Constraint Token				**ICT (Image Constraint Token)**		

AACS Adopter Agreement
Revised: November 15, 2012
Exhibit E – Compliance Rules

0_2	High Definition Analog Output in the form of Constrained Image	1_2	Constrained Image
1_2	High Definition Analog Output in High Definition Analog Form	0_2	High Definition Analog Form

Digital_Only_Token		**Corresponding CCI is not specified**	
0_2	Output of decrypted content is allowed for Analog/Digital Outputs	N/A	(Copy is allowed if CCI permits)
1_2	Output of decrypted content is allowed only for Digital Outputs	N/A	(Copy is not allowed until DOT is supported)

Move_Permission		**Move_Permission**	
1_2 or 0_2	Move Not Allowed not applicable	"MOVE_L" = OK (Move is permitted)	

AACS HD DVD and DVD Adaptation		**MG-R(SVR) for Memory Stick PRO**			
PCCI		**CCI**		**EPN**	
000_2	Copy Freely	00_2	See the EPN field	1_2	EPN-unasserted (copy freely)
011_2	Encryption Plus Non-Assertion	00_2	See the EPN field	0_2	EPN-asserted
100_2	Copy One Generation	10_2	No_more_copies	1_2	EPN-unasserted
010_2	No More Copies (Applies to Move)	10_2	No more copies	1_2	EPN-unasserted
110_2	Copy Never (Applies to Managed Copy)	10_2	No_more_copies	1_2	EPN-unasserted

APSTB		**APSTB**		
000_2	APSTB is OFF	00_2	APS off	
001_2	Type 1 of	01_2	APS Type 1	

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		APS1 is ON		
	010_2	Type 2 of APS1 is ON	10_2	APS Type 2
	011_2	Type 3 of APS1 is ON	11_2	APS Type 3
	110_2	APS2 is ON	00_2	APS off
	111_2	APS2 is ON	00_2	APS off
	Others	Reserved	00_2	APS off

ICT		**ICT (Image Constraint Token)**	
0_2	High Definition Analog Form	0_2	High Definition Analog Form
1_2	Constrained Image	1_2	Constrained Image

DOT		**Corresponding CCI is not specified**	
0_2	All approved output is allowed	N/A	(Copy is allowed if PCCI permits)
1_2	Approved digital outputs are only allowed	N/A	(Copy is not allowed until DOT is supported)

Move_Permission		**Move_Permission**
1_2 or 0_2	Move Not Allowed NA	"MOVE_L" = OK (Move is permitted)

Note: When permitted, Move from MagicGate Type-R is done in accordance with the MagicGate Type-R Specifications and Compliance Rules.

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| | Security Architecture for Intelligent Attachment Device (SAFIA)

Major MCOT ID: [SAFIA] | Obligated Managed Copy Resolution: 415K Resolution
CCI copy resolution: Full Resolution from AACS Recordable Video,
415K Resolution from other source

For an incoming Move of a CCI Copy from AACS Recordable Video, such as recording of Japanese Digital Broadcast made onto AACS Recordable Video, the Move to SAFIA may be made at up to the resolution of the recording of the AACS Recordable Video. |

Default Permissions

AACS	SAFIA
For BD Adaptation: EPN = 1 (not asserted) CCI = 00 (Copy Freely)	No encryption and restriction EPN = 1 (EPN not asserted) SAFIA_CCI_visual = 00 (Copy control not asserted)
For BD Adaptation: EPN = 0 (asserted) CCI = 00 (Copy Freely)	FM = 00, Count = 1111 (Not asserted) EPN = 0 (EPN asserted) SAFIA_CCI_visual = 00 (Copy control not asserted)
For BD Adaptation: CCI = 10 (Copy One Generation)	FM = 00, Count = 0000 (No more copy) SAFIA_CCI_visual = 01 (No more copies)
For BD Adaptation: CCI = 01 (Copy No More) (Applies to Move)	FM = 00, Count = 0000 (No more copy) SAFIA_CCI_visual = 01 (No more copies)
For BD Adaptation: CCI = 11 (Copy Never) (Applies to Managed Copy)	FM = 00, Count = 0000 (No more copy) SAFIA_CCI_visual = 01 (No more copies)
APSTB = 000 (APS off)	APS = 00 (APS off)
APSTB = 001 (APS Type 1)	APS = 01 (APS Type 1)
APSTB = 010 (APS Type 2)	APS = 10 (APS Type 2)
APSTB = 011 (APS Type 3)	APS = 11 (APS Type 3)
APSTB = 100-101 (reserved)	APS = 00 (APS off)
APSTB = 110-111 (APS2)	APS = 00 (APS off)
ICT = 0 (High Definition Analog Output in the form of Constrained Image)	ICT = 0 (Constrained Image)
ICT = 1 (High Definition Analog Output in High Definition	ICT = 1 (High Definition Analog Form)

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	Analog Form)	
	DOT = 0 (Output of decrypted content is allowed for Analog/Digital Outputs)	DOT = 0 (allowed for Analog/Digital Outputs)
	DOT = 1 (Output of decrypted content is allowed only for Digital Outputs)	DOT = 1 (allowed only for Digital Outputs)
	Move Not Allowed = 0 (Move is permitted)	MU = 0, MB = 0, MC = 00 (Move is allowed)
	Move Not Allowed = 1 (Move not permitted)	MU = 1, MB = 1, MC = N/A (Move is not allowed)

WMDRM v10 or later (including PlayReady)
 	
Major MCOT ID: [WMDRM] Minor MCOT IDs: [WMDRMv10] [others to be added with the release of new versions of WMDRM]
	Obligated Managed Copy Resolution: Full Resolution
	CCI copy resolution: Full Resolution
	
	Default Permissions:
	MinimumSecurityLevel = 5000
	   High Definition content robustness level.
	
	   Note to Adopter: Compliance rules for WMDRM require that level 5000 content be converted to constrained image if uncompressed HD video cannot be protected while traversing a User Accessible Bus.
	
	Alternative: MinimumSecurityLevel = 2000
	   415K Resolution content robustness level.
	
	   In this case, the Licensed Copier shall first convert the Decrypted AACS Content to a Constrained Image.
	
	MinimumDeviceSecurityLevel = 2000
	   Content may flow to existing WMDRM-PD and WMDRM-ND devices in a manner consistent with the rules of this table.
	
	Source Identifier = 262
	   Indicates content was sourced from AACS prerecorded media.
	
	   • Implementations will limit further output of such content in a manner consistent with the sunset dates contained in Sections 2.2.2.1 and 2.2.2.2 of Part 2 of these Compliance Rules.
	
	AllowPlay = True
	   Permits local and remote rendering via WMDRM-ND.
	
	AllowCopy = True
	CopyLevel = 400
	   Set these values if AACS CCI value is Copy Freely.
	
	   When using WMDRM to make a recording of Copy Freely AACS	

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content, the sink shall generate a WMDRM license with these settings, granting permission for unlimited copies to portable devices at constrained image.

> *OR*

AllowCopy = False
> Set this value if AACS CCI value is Copy Never or Copy One Generation.

> *Note to Adopter:* When using WMDRM to make a recording of Copy Never or Copy One Generation AACS content, the sink shall generate a WMDRM license with these settings, granting no permission for copies to portable devices.

AllowBackupAndRestore = TBD
> [The license may be backed up or restored to the same or another device using the WMDRM Backup and Restore feature.]

MinimumCompressedDigitalVideoOutputProtectionLevel = 500
> Unprotected compressed Digital Video Output not allowed.

MinimumUncompressedDigitalVideoOutputProtectionLevel = 300
> Require System Renewability Message processing with HDCP.

MinimumAnalogVideoOutputProtectionLevel =200
> CGMS-A 'Copy Never' required for analog video output.

MinimumCompressedDigitalAudioOutputProtectionLevel = 200
MinimumUncompressedDigitalAudioOutputProtectionLevel = 200
> *Note to Adopter:* WMDRM compliance rules will state that the implementation must control the audio output types in accordance with the policy specified by the content.

DRM_VIDEO_OUTPUT_PROTECTION.guid = 6347574B-8F0F-4511-A8F4-DB2502C1B7E9
> Set this GUID if the AACS Digital Only Token is enabled.

> *Note to Adopter:* WMDRM compliance rules will state that products must block display to analog outputs if this GUID is set.

DRM_VIDEO_OUTPUT_PROTECTION.guid = D783A191-E083-4BAF-B2DA-E69F910B3772
> **DRM_VIDEO_OUTPUT_PROTECTION.bConfigData = 520000**
> Set this GUID if the AACS Image Constraint Token is enabled.

> *Note to Adopter: WMDRM compliance rules will state that if this GUID is set, product must convert to constrained image for computer monitor*

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outputs.

DRM_VIDEO_OUTPUT_PROTECTION.guid = 811C5110-46C8-4C6e-8163- C0482A15D47E
DRM_VIDEO_OUTPUT_PROTECTION.bConfigData = 520000

Set this GUID if the AACS Image Constraint Token is enabled.
Note to Adopter: WMDRM compliance rules will state that if this GUID is set, product must convert to constrained image for component video outputs.

DRM_VIDEO_OUTPUT_PROTECTION.guid = C3FD11C6-F8B7-4d20-B008-1DB17D61F2DA
DRM_VIDEO_OUTPUT_PROTECTION.bConfigData = APSTB
Set this GUID if the AACS APS1 (Macrovision) is enabled.

Note to Adopter: The WMDRM compliance rules will state that if this GUID is set, Macrovision analog protection system will be turned on, and the APSTB field set based upon the Binary Configuration Data in the license.

Baseline Move Permission authorization for Move is currently not required, but Move may be authorized at the option of the authorizer of the Managed Copy.
Note: the values listed in this table do not currently include the settings necessary to authorize Move.

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Table C2

Content Owner Authorized Copying Methods

For avoidance of doubt regarding the making of an authorized copy, processing of Decrypted AACS Content prior to protection by the Content Owner Authorized Copying Method is subject to the AACS Robustness and Compliance Rules. Examples of such processing include transcoding or decimation to constrained image that occur prior to protection by the Authorized Copying Methods. Once protected by the Authorized Copying Methods, processing of the content becomes subject to the Authorized Copying Methods compliance and robustness rules

Notes: Table C2 may be amended by AACS LA from time to time upon request of Content Participants and Content Providers interested in adding additional copying methods for their own content only. The appearance of a given entry in this table does not impose any obligation under this agreement on such entry, nor imply: a) any license from the relevant technology provider, b) any guarantee that a Managed Copy will be provided in this technology, or c) any AACS endorsement or other opinion regarding the method/technology or its associated obligations, nor does inclusion of a technology on this list imply that the proprietor of that technology endorses, instructs or authorizes the use of AACS technology. For a list of technologies, please refer to [http://aacsla.com/c2list]. AACS LA will make reasonable efforts to keep this list up to date, but Licensees are encouraged to contact AACS LA directly to confirm the status of specific technologies.

TABLE D1

AACS Authorized Digital Outputs (Non-Copying Methods)

Note: Table D1 may be amended by AACS LA from time to time consistent with the Adopter Agreement and the Change Management Provisions of the Content Participant Agreement and (i) with respect to the addition of AACS Authorized Digital Outputs, in accordance with the AACS document entitled "Evaluation of Proposed Digital Outputs and Secure Recording Technologies", and (ii) with respect to the Delisting and/or conditioning and/or restricting the use of AACS Authorized Digital Outputs, Section 3 of Exhibit F to the Content Participant Agreement.

For avoidance of doubt, processing of Decrypted AACS Content prior to protection by the AACS Authorized Digital Output technology is subject to the AACS Robustness and Compliance Rules. Once protected by the Authorized Digital Output technology, processing of the content becomes subject to the Authorized Digital Output compliance and robustness rules

Note: Technologies listed on Table D-1 are approved by AACS LA based on receipt of a signed AACS Output Approval Agreement with the proprietor of those technologies. Further, the listed technologies all implement analog sunset requirements such that content that originates as AACS Content subject to analog sunset requirements of these Compliance rules will also be subject to equivalent analog sunset requirements when output from the technologies listed on this table.

Capitalized terms used in the following table, but not otherwise defined in this Agreement shall have the meaning set forth in the relevant agreements associated with that AACS Authorized Digital Outputs.

AACS Authorized Digital Outputs	Associated Restrictions and Obligations
DTCP	A Licensed Player may pass Decrypted AACS Content to an output protected by DTCP, provided that when doing so, the Licensed Player shall (a) carry any DTCP System Renewability Messages delivered in association with such content (in the manner described or referenced in the AACS Specifications) to the DTCP Source Function, and (b) set the following fields of the DTCP Descriptor to the indicated values: APS: If APS1 is set then DTCP_APS is set in accordance with APS1 settings as APS1 is defined in the Specifications. If APS2 is set, then DTCP_APS is set to (0,0).

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DTCP_CCI: Set according to the AACS CCI values per the following table

HD DVD and DVD Adaptation			DTCP			
PCCI			**CCI**		**EPN**	
000_2	Copy Freely		00_2	Copy-free	1_2	EPN-unasserted
100_2	Copy One Generation*		10_2	Copy-one-generation	1_2	EPN-unasserted
010_2	No More Copies		01_2	No-more-copies	1_2	EPN-unasserted
110_2	Copy Never		11_2	Copy-Never	1_2	EPN-unasserted
011_2	Encryption Plus Non-Assertion		00_2	Copy-free	0_2	EPN-asserted
Other States	Reserved		DTCP output is not allowed			
APSTB			**APS**			
000_2	APSTB is OFF		00_2	Copy-free		
001_2	Type 1 of APS1 is ON		01_2	APS is on : Type 1 (AGC)		
010_2	Type 2 of APS1 is ON		10_2	APS is on : Type 2 (AGC + 2L Colorstripe)		
011_2	Type 3 of APS1 is ON		11_2	APS is on : Type 3 (AGC + 4L Colorstripe)		
110_2	APS2 is ON		00_2	APS off		
111_2	APS2 is ON		00_2	APS off		
Others	Reserved		00_2	Copy-free		
ICT			**Image_Constraint_Token**			
0_2	High Definition Analog Form		1_2	High Definition Analog Form		
1_2	Constrained Image		0_2	Constrained Image		
DOT			**DOT (DTCP Descriptor or CMI Descriptor)**		**DOT_{INV} (PCP-UR)**	

0_2	All approved output is allowed		1_2	DOT-unasserted	0_2	DOT-unasserted	
1_2	Approved digital outputs are only allowed		0_2	DOT-asserted *	1_2	DOT-asserted *	

* If DTCP implementation does not support DOT, then DTCP output shall not be made.

Blu-ray Disc Adaptation				**DTCP**			
CCI		**EPN**		**CCI**		**EPN**	
00_2	Copy Control Not Asserted	1_2	EPN-unasserted	00_2	Copy-free	1_2	EPN-unasserted
00_2	Copy Control Not Asserted	0_2	EPN-asserted	00_2	Copy-free	0_2	EPN-asserted
10_2	Copy One Generation*			10_2	Copy-one-generation	1_2	EPN-unasserted
01_2	No More Copy			01_2	No-more-copies	1_2	EPN-unasserted
11_2	Never Copy			11_2	Copy-Never	1_2	EPN-unasserted

APSTB		**APS**	
000_2	APS OFF	00_2	Copy-free
001_2	APS1 ON: type 1 (AGC)	01_2	APS is on : Type 1 (AGC)
010_2	APS1 ON: type 2 (AGC + 2L colourstripe)	10_2	APS is on : Type 2 (AGC + 2L Colorstripe)
011_2	APS1 ON: type 3 (AGC + 4L colourstripe)	11_2	APS is on : Type 3 (AGC + 4L Colorstripe)
110_2	APS2 ON	00_2	APS off
111_2	APS2 ON	00_2	APS off
Others	Reserved	00_2	Copy-free

ICT		**Image_Constraint_Token**	
0_2	Constrained Image	0_2	Constrained Image
1_2	High Definition Analog	1_2	High Definition Analog

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Form				Form	
DOT			**DOT (DTCP Descriptor or CMI Descriptor)**		**DOT$_{INV}$ (PCP-UR)**
0_2	All approved output is allowed		1_2	DOT-unasserted	0_2	DOT-unasserted
1_2	Approved digital outputs are only allowed		0_2	DOT-asserted *	1_2	DOT-asserted *
* If DTCP implementation does not support DOT, then DTCP output shall not be made.					

Note to Adopter: For the "Copy One Generation" entries above, marked with the asterisk (*), the following shall apply: For a Licensed Player that is playing Audiovisual Content from AACS Recordable Media and is using the permission to treat a COG CCI setting as if it were a NMC CCI setting (see Part 4, Section A.1.d., above), such Licensed Player shall use the output settings noted above in accordance with a NMC CCI setting for that Audiovisual Content.

Move output

A Licensed Player may pass Decrypted AACS Content that constitutes a CCI Managed Copy Equivalent stored using a Bound Copy Method to an output protected by DTCP, using the DTCP Move encoding, to a single DTCP Sink Function in a single DTCP Licensed Product, provided that (a) when doing so, the Licensed Product shall carry any DTCP System Renewability Messages delivered in association with such content (in the manner described in the AACS Specifications) to the DTCP Source Function, and (b) the original Decrypted AACS Content is deleted or otherwise rendered unusable such that, at any point in time, only a single useable copy persists as between such original and copy thereof.

DVI	A Licensed Player manufactured on or before December 31, 2010 that is incorporated into a computer product may pass Decrypted AACS Content for which the Digital Only Token was not set to a DVI output as a Constrained Image. Furthermore, Existing Models with such DVI output may be manufactured and sold by Adopter up until December 31, 2011. Notwithstanding the foregoing, Adopter may continue to manufacture and sell an Existing Model with such DVI output in which the implementation of AACS Technology is a Robust Inactive Product after December 31,

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	2010 provided that when such Robust Inactive Product is activated through a Periodic Update, such Periodic Update results in a Licensed Player that does not pass Decrypted AACS Content to DVI outputs.
HDCP	A Licensed Player may pass Decrypted AACS Content to an output protected by HDCP, provided that when doing so, the Licensed Player shall (a) carry any HDCP System Renewability Message delivered in association with such content (in the manner described or referenced in the AACS Specifications) to the HDCP Source Function and (b) verify that the HDCP Source Function is fully engaged and able to deliver protected content, which means (i) HDCP encryption is operational on such output, (ii) processing of the valid received System Renewability Message associated with such content, if any, has occurred as defined in the HDCP Specification and (iii) there is no HDCP Display Device or Repeater on such output whose Key Selection Vector is in such System Renewability Message.
WMDRM-ND v10 or later (including PlayReady)	A Licensed Player may pass Decrypted AACS Content to an output protected by WMDRM v10 or later for display purposes. When doing so, the Licensed Player shall set the WMDRM Rules as follows: **MinimumSecurityLevel = 5000** 　　High Definition content robustness level. 　　*Note to Adopter: Compliance rules for WMDRM will require that level 5000 content be converted to constrained image if 1) uncompressed HD video cannot be protected while traversing a User-Accessible Bus and 2) the AACS Image Constraint Token is enabled (as signaled by setting the corresponding WMDRM GUID – see further below).* **Alternative: MinimumSecurityLevel = 2000** 　　415K Resolution content robustness level. 　　In this case, the Licensed Player shall first convert the Decrypted AACS Content to a Constrained Image. **MinimumDeviceSecurityLevel = 2000** 　　Content may flow to existing WMDRM-ND devices in a manner consistent with the rules of this table. **Source Identifier = 262** 　　Indicates content was sourced from AACS protected content. 　　• Implementations will limit further output of such content in a manner consistent with the sunset dates contained in

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Section 1.7 of Part 2 of these Compliance Rules.

AllowPlay = True
    Permits local and remote rendering via WMDRM-ND.

MinimumCompressedDigitalVideoOutputProtectionLevel = 500
    Unprotected compressed Digital Video Output not allowed.

MinimumUncompressedDigitalVideoOutputProtectionLevel = 300
    Require System Renewability Message processing with HDCP.

MinimumAnalogVideoOutputProtectionLevel =200
    CGMS-A 'Copy Never' required for analog video output.

MinimumCompressedDigitalAudioOutputProtectionLevel = 200
MinimumUncompressedDigitalAudioOutputProtectionLevel = 200
    Note to Adopter: WMDRM compliance rules will state that the implementation must control the audio output types in accordance with the policy specified by the content.

DRM_VIDEO_OUTPUT_PROTECTION.guid = 6347574B-8F0F-4511-A8F4-DB2502C1B7E9
    Set this GUID if the AACS Digital Only Token is enabled.

    Note to Adopter: WMDRM compliance rules will state that products must block display to analog outputs if this GUID is set.

DRM_VIDEO_OUTPUT_PROTECTION.guid = D783A191-E083-4BAF-B2DA-E69F910B3772
DRM_VIDEO_OUTPUT_PROTECTION.bConfigData = 520000

    Set this GUID if the AACS Image Constraint Token is enabled.
    Note to Adopter: WMDRM compliance rules will state that if this GUID is set, product must convert to constrained image for computer monitor outputs.

DRM_VIDEO_OUTPUT_PROTECTION.guid = 811C5110-46C8-4C6e-8163- C0482A15D47E
DRM_VIDEO_OUTPUT_PROTECTION.bConfigData = 520000

    Set this GUID if the AACS Image Constraint Token is enabled.
    Note to Adopter: WMDRM compliance rules will state that if this GUID is set, product must convert to constrained image for component video outputs.

DRM_VIDEO_OUTPUT_PROTECTION.guid = C3FD11C6-F8B7-

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	4d20-B008-1DB17D61F2DA
	DRM_VIDEO_OUTPUT_PROTECTION.bConfigData = APSTB
	Set this GUID if the AACS APS1 (Macrovision) is enabled.
	Note to Adopter: The WMDRM compliance rules will state that if this GUID is set, Macrovision analog protection system will be turned on, and the APSTB field set based upon the Binary Configuration Data in the XMR license.

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Table E

AACS Authorized Audio Watermark Embedding Technologies

Subject to the requirements of Part 4, Section C.1 of the Compliance Rules, which are applicable with respect to each instance of Audiovisual Content that is embedded, Content Participants and Content Providers are permitted to embed, or cause to be embedded, the AACS Trusted Source State in content that is initially distributed using the following content protection technologies, provided that nothing in this table or other AACS documents is intended to override any prohibitions or other restrictions on the use of the Audio Watermark by the proprietor of any of the technologies listed below, nor does inclusion of a technology on this list imply that the proprietor of that technology endorses, instructs or authorizes the use of either the Audio Watermark or AACS Technology.

1. AACS Content, in the form of Prerecorded Video or Prepared Video

2. WMDRM version 10 and higher (including PlayReady)

3. Content Scramble System ("CSS") with AACS Signature, provided that to the extent that a particular Audiovisual Work distributed in CSS with AACS Signature is authorized to be copied by a consumer, authorization to embed the AACS Trusted Source State is limited to particular content that if copied to optical media is copied only using technologies that are on Table E or Table W.

4. CPRM for Content Distribution

5. Fairplay version 1 and higher

6. Marlin Broadband Delivery System Specification and Marlin IPTV-ES Specification

7. Content Management Licensing Authority (CMLA) licensed implementations of Open Mobile Alliance (OMA) DRM 2.0 and above (hereinafter collectively "CMLA-OMA")

8. Widevine Cypher version 4.2.0 and higher

9. ASCCT

10. DivX DRM, version 5 keyset #3

**Note with Regard to the Use of Table E Technologies in the AACS Ecosystem
LEGAL CAUTION: THE FOLLOWING IS PROVIDED FOR EXPLANATION
AND UNDERSTANDING ONLY AND DOES NOT INTERPRET OR MODIFY
COMPLIANCE RULES**

A technology should have reasonable controls on the flow of content so that content does not, in the normal operation of the technology, appear in circumstances causing the application of the Watermark Requirements to prevent the playback of the content (e.g., by appearing on optical disc media without the use of protection technologies on Table W). The reason for this concern is that lack of such security levels, output controls and robustness requirements may result in content being copied by consumers onto optical disc media in an authorized manner without use of protection technologies that are on the AACS Trusted Source Mark Allowed Technology list (Table W). If such content contains the AACS Trusted Source State and these discs are then played in AACS Licensed Products, the AACS Watermark Requirements will result in enforcement actions being taken, thereby creating adverse consumer experiences as a result of lack of basic content security requirements rather than unauthorized consumer copying. Generally speaking, digital CCI settings must be set such that any analog outputs must carry "copy never" settings for CGMS-A.

Criteria and Process for Adding Technologies to Table E

Additional technologies may be added to the list upon request, based on a review by AACS LA pursuant to the following criteria:

A. **Criteria**

1.   The technology meets the criteria for inclusion on Table W (criterion A.2 only) or Table C-1 (excluding those authorized copy methods on Table C-1 that are not MCOTs, i.e., those technologies that are available only for CCI copying), or,

2.   The technology does not permit the content to be placed on, or flow to, optical media that could be Accessed by Licensed Access Products unless protected by a Table W technology, provided that this condition shall be understood to be met where a technology permits (x) analog outputs (other than "display only" outputs) only if CGMS-A is set to "copy never" or Macrovision's AGC technology is enabled on playback products (where content so indicates that the AGC technology should be used) or (y) other non-protected analog and digital outputs only as "display only" outputs (e.g., DVI, VGA) .

B. **Process for Adding Technologies to Table E**:

A technology proponent must file a notice with AACS LA setting forth the reasons why the technology meets the criteria. If the technology is already on Table W (based on

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criterion A.2, only) or Table C-1 (excluding those authorized copy methods on Table C-1 that are not MCOTs,), acceptance of the notice and listing on this Table E shall be automatic and require no review by AACS LA. With regard to other technologies, AACS may accept the notice and include the technology on Table E. If AACS LA does not inform the proponent of an objection to inclusion of the technology on Table E within 30 days of AACS LA's receipt of the notice, the technology shall be automatically placed on the list. If AACS LA notifies the proponent of an objection to inclusion of the technology on Table E, AACS LA will conduct an expedited process to review and act on whether to include the technology on the list, including consultation with the proponent of the technology. The proponent will be informed of AACS LA's decision within 30 days of the original notice of an objection as to whether the technology will be included on Table E.

NOTE: A technology included on this Table E may be removed by AACS LA in the event that changes are made that cause the technology no longer to meet the criteria for inclusion on Table E.

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Table W

Trusted Source Mark Allowed Technologies

The following protected formats shall be considered Trusted Source Mark Allowed Technologies for purposes of the Compliance Rules Part 4.

1. AACS Content, in the form of Prerecorded Video or Prepared Video

2. Content Management Licensing Authority (CMLA) licensed implementations of Open Mobile Alliance (OMA) DRM 2.0 and above (hereinafter collectively "CMLA-OMA")

3. Content Protection for Recordable Media to the extent the particular CPRM method is an MCOT on Table C-1

4. Content Scramble System ("CSS") with AACS Signature– Note that any Licensed Product capable of accessing Audiovisual Content protected with the Content Scramble System ("CSS") is also capable of accessing Audiovisual Content protected with the Content Scramble System ("CSS") with AACS Signature ("Signed CSS") and must therefore implement the AACS Signed CSS Specifications for purposes of fulfilling Part 4 Section A.3(b) of these Compliance Rules.

5. Fairplay, version 1 and higher

6. MagicGate Type-R Secure Video Recording for Memory Stick PRO (MG-R(SVR) for M.S.PRO) or for Embedded Memory with Playback and Recording Function (MG-R(SVR) for EMPR)

7. Marlin Broadband Delivery System Specification and Marlin IPTV-ES Specification

8. Video Content Protection System

9. Windows Media DRM, version 10 and higher (including PlayReady) – Note that Windows Media DRM (all versions) qualifies under criterion 2.a.(ii)(B), below, thereby invoking the use of Section II.A.2.b(1) of the Watermark Compliance Rules.

10. Widevine Cypher, version 4.2.0 and higher

11. ASCCT – Note that ASCCT qualifies under criterion 2.a.(ii)(B), below, thereby invoking the use of Part 4, Section A.2.b(1) of these Compliance Rules.

12. DivX DRM, version 5 keyset #3

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13. Security Architecture for Intelligent Attachment Device (SAFIA)

Additions to Table W

A technology that is included on Table C-1 as an MCOT will automatically be added to Table W. For the avoidance of doubt, an authorized copy method on Table C-1 for CCI-based copying only (i.e., that is not on Table C-1 as an MCOT) is not subject to this automatic addition to Table W.

With regard to other technologies, to the extent a particular technology does not appear on the list, and there is a proponent for adding it, technologies will be added to the list based on the following criteria and process.

A. **Criteria**:

The overall objective of the following criteria is that a technology listed on Table W should take sufficient measures to avoid its use as a "laundry channel," i.e., a means to use the technology's protection to avoid watermark screening of Audiovisual Content protected by the technology where such Audiovisual Content is used in an unauthorized manner. AACS LA considers that the following are sufficient to meet this objective:

1. A technology that meets the criteria for being listed on Table E (criterion A.1 only) and that is listed on Table E shall be eligible for listing on Table W based on a request filed in accordance with the procedure below.

2. A technology that is the subject of a request filed in accordance with the procedure below shall be reviewed and considered by AACS LA for listing on Table W in accordance with the procedure below, provided that it meets the following:

    a. With respect to the use of the technology by consumers,

        (i) the technology does not support recordings made into the technology by a consumer, or

        (ii) if a consumer can record into the technology, then the technology either:

        (A) limits all consumer recordings to Trusted Non-AACS Protected Content, or

        (B) provides a means of distinguishing Unknown Non-AACS Protected Content from Trusted Non-AACS Protected Content, in which case the fact that such a means exists shall be noted in the entry on Table W and Licensed

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Access Products implementing the technology shall be required to adhere to the Compliance Rule provision in Part 4.A.2.b(1) as well as the related compliance rules for the technology; and

b. With respect to the use of the technology by professionals, the technology is limited to content prepared by professionals under the direction of a license agreement, contract, or similar arrangement from a person or entity with a good faith belief they have the rights to authorize the making of such recordings.

B. **Procedure**

A technology proponent must file a notice with AACS LA setting forth the reasons why the technology meets the criteria.

1. If the request is based on point A.1., above, AACS LA shall include the technology on Table W, subject only to confirming the fact that the technology meets the requirements of point A.1.

2. If the request is based on point A.2., above, AACS LA may accept the notice and include the technology on Table W if it determines that the technology meets the requirements set forth in point A.2.

3. In either case (B.1 or B. 2, above), if AACS LA does not inform the proponent of an objection to inclusion of the technology on Table W within 30 days of AACS LA's receipt of the notice, the technology shall be automatically placed on the list. If AACS LA notifies the proponent of an objection to inclusion of the technology on Table W, AACS LA will conduct an expedited process to review and act on whether to include the technology on the list, including consultation with the proponent of the technology. The proponent will be informed of AACS LA's decision within 30 days of the original notice of an objection as to whether the technology will be included on Table W.

For purposes of this Table W and Part 4, Section A.2.b(1) of the Watermark Compliance Rules, the following definition shall apply:

1. "**Trusted Non-AACS Protected Content**" shall mean Audiovisual Content protected by a technology other than AACS as (i) authorized recordings made from content received in digital form from a commercially adopted access control method, where such method is: (A) used by cable, satellite, or digital terrestrial broadcast systems or commercially adopted IPTV delivery systems or other similarly commercially adopted delivery systems, (B) listed on Table X to the AACS Interim License Agreement (reproduced as part of Table X to this Agreement), (C) (x) included on Table C-1 or is a technology that permits recording on Table D-1 (other than unprotected DVI) of these Compliance Rules or (y) is a similar access control method that has been commercially adopted for the authorized use of Audiovisual Content, (D) used for the download of Audiovisual Content pursuant to authorization by the copyright holders of such

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Audiovisual Content, or (E) otherwise permitted as a source listed on Table X 1.b., , or (ii) recordings made from content received in analog form where Macrovision is not present, CGMS-A is present, and CGMS-A settings (and/or related Redistribution Control Indicator settings) authorize the making of a copy of the Audiovisual Content, or (iii) content prepared by professionals under the direction of a license agreement, contract, or similar arrangement from a person or entity with a good faith belief they have the rights to authorize the making of such recordings.

2. **"Unknown Non-AACS Protected Content"** shall mean content (excluding AACS Content) that is not Trusted Non-AACS Protected Content.

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Table X

Authorized Inputs for Recording Using AACS Recordable Media
and AACS Recordable Video technology

Part I – Consumer copying using a Licensed Recorder to make authorized copies of Audiovisual Content using AACS Recordable Media

A Licensed Recorder may use AACS Recordable Media to make copies of Audiovisual Content received in the following manner, subject to the following:

A. For Audiovisual Content received in digital form (whether described in paragraph 1 or paragraph 2, below), the means of delivery to the Licensed Recorder must require robust handling of such content up to the point at which the Licensed Recorder's handling of the Audiovisual Content is subject to the AACS Compliance and Robustness Rules.

B. Authorization to make a copy of particular Audiovisual Content is provided (i) by the upstream technology via CCI or equivalent as defined by the upstream technology, or (ii) via online transaction for the making of the particular copy from the owner of the Audiovisual Content. For the avoidance of doubt, in the absence of such authorization, the fact that a technology is listed on Table X as an authorized input shall not be taken as permission to make the copy.

C. The Licensed Recorder shall follow the content protection requirements of such upstream technology in determining copy permission and selecting the CGMS, APSTB, ICT, and Digital Only Token field settings of such copy. In making such a copy using AACS Recordable Media from one of the inputs described in paragraph 1, below, unless the input content has been identified as Unknown Non-AACS Protected Content by the upstream technology, a Licensed Recorder shall set the Trusted Source Mark Screening Required field to "Trusted Source Mark Screening is not required" (a bit setting of "1") as provided in the Specifications and in making such a copy using AACS Recordable Media from one of the inputs described in paragraph 2, below, or from input content identified as Unknown Non-AACS Protected Content by the upstream technology, a Licensed Recorder shall set the Trusted Source Mark Screening Required field to "Trusted Source Mark Screening is required" (a bit setting of "0") as provided in the Specifications.

Accordingly, an AACS Recorder may use AACS Recordable to make authorized copies of Audiovisual Content where such Audiovisual Content is received

1. in digital form

a. from a commercially adopted conditional access control method, where such method is: (i) used by cable, satellite, or digital terrestrial broadcast systems or commercially adopted IPTV delivery systems or other similarly commercially adopted delivery systems, (ii) listed on Table X to the AACS Interim License Agreement (reproduced below), (iii) included on Table C-1 or D-1 (other than unprotected DVI) of these Compliance Rules, or (iv) used for the download of Audiovisual Content pursuant to authorization by the copyright holders of such Audiovisual Content, unless the input content has been identified as Unknown Non-AACS Protected Content by the upstream technology.

b. from one of the following specifically listed content protection regimes (whether or not such regime involves an access control method), for example, the Broadcast Flag regulations of the Federal Communications Commission (if and when reinstated)

[note that there are no regimes currently listed here]

provided that the Trusted Source Mark Screening Required field in a copy made from such digital sources shall be marked "Trusted Source mark Screening is not required" (a bit setting of "1");

2. from one of the following sources

a. in analog form provided that the Licensed Recorder determines that Macrovision is not present, that CGMS-A is present, and that CGMS-A settings (and/or related Redistribution Control Indicator settings) permit the making of a copy of the Audiovisual Content,

b. in digital form from a proprietary multi-channel video program distributor television system that does not use scrambling or encryption as a conditional access control but that has a proprietary method for delivery of the television programming supplied by the system, which proprietary method requires that receivers for the system must be manufactured pursuant to a license from the proprietor which requires that the receivers conform to usage and robustness rules, including as required by paragraph A, above, unless such system is specifically listed under 1.b., above, or

c. in digital form from a technology listed on Table W pursuant to criteria A.2.a..(ii)(B) of that Table where the input content has been identified as Unknown Non-AACS Protected Content by the upstream technology provided in each case above that in the copy that is made, the Licensed Recorder sets content protection information in the copy according to the Compliance Rules and sets the Trusted Source Mark Screening Required field to "Trusted Source Mark Screening is required" (a bit setting of "0").

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Interim Agreement Version of
TABLE X

Secure Methods for Delivery of Content to Licensed Recorders
NOTE: The entries in this table are not intended to be mutually exclusive as between each other. Content protected by one of the general content protection methods listed below shall be treated as originating from a secure source of Content delivery regardless of the delivery means of that content.   Content protected by one of the protection methods that is applicable only to a particular listed delivery means as provided in this table shall be an additional protection means that shall be treated as a secure source of Content when used in conjunction with that delivery means.

Digital Transmission Content Protection
Windows Media Digital Rights Management, version 9.0 or higher
Terrestrial broadcast conditional access system for delivery of audio visual content to consumers pursuant to a government or quasi-government regulation, license, specification or franchise, provided that the system requires robust handling of such content up to the point of AACS protection.
Satellite transmission conditional access system for delivery of audio visual content to consumers pursuant to a government or quasi-government regulation, license, specification or franchise, provided that the system requires robust handling of such content up to the point of AACS protection.
Cable transmission conditional access system for delivery of audio visual content to consumers pursuant to a government or quasi-government regulation, license, specification or franchise, provided that the system requires robust handling of such content up to the point of AACS protection.
Private IPTV (transmitted over a privately run network) transmission conditional access system for delivery of audio visual content to consumers pursuant to a government or quasi-government regulation, license, specification or franchise, provided that the system requires robust handling of such content up to the point of AACS protection.
Internet TV (transmitted over the open Internet) content protection system for delivery of audio visual content to consumers pursuant to a government or quasi-government regulation, license, specification or franchise, provided that the system requires robust handling of such content up to the point of AACS protection.

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Part II – Use of AACS Recordable Media and AACS Recordable technology by professionals or in a commercial context

A. A professional (acting in his/her capacity as a professional) may use Licensed Recorders, AACS Recordable Media and AACS Recordable technology to make original copies of Audiovisual Content only under the following conditions

     1. The professional must (a) himself/herself own the copyright for the Audiovisual Content; or (b) be acting under the direction of a license agreement, contract, or similar arrangement from the owner, or authorized agents of the owner, of the copyright for the Audiovisual Content.

     2. The setting of CCI and related fields in the Audiovisual Content recorded onto AACS Recordable Media using AACS Recordable technology must be limited to (a) Copy Never or (b) Copy Control Not Asserted with EPN Asserted. For the avoidance of doubt, the CCI setting of Copy One Generation is not permitted to be used in this context.

B. Manufacture-on-demand ("MOD") units that are Licensed Recorders may be designed such that they use AACS Recordable Media and AACS Recordable technology to make original copies of Audiovisual Content only under the following conditions:

     1. Such MOD units must be part of an Audiovisual Content distribution system authorized by the owners of the copyrights of the Audiovisual Content distributed using the system (or by the authorized agents of such copyright owners) and must be distributed only to entities that are part of such authorized distribution system and shall under no circumstances be distributed to members of the general public or any other persons not part of such authorized distribution system.

     2. The setting of CCI and related fields in the Audiovisual Content recorded onto AACS Recordable Media pursuant to the AACS Blu-ray Disc Recordable Book must be limited to (a) No More Copies or (b) Copy Control Not Asserted with Encryption Protection Asserted. For the avoidance of doubt, the CCI settings of Copy One Generation and Copy Never are not permitted to be used in this context. Content Participants/Providers should take note that the CCI setting of Copy Never in content protected on AACS Recordable discs may be treated by certain Licensed Players Produced under the Interim Agreement as the CCI setting of Copy Control Not Asserted (since the CCI setting of Copy Never was not defined in the Specifications licensed under the Interim Agreement).

For the avoidance of doubt, the original copies of Audiovisual Content on AACS Recordable Media using AACS Recordable technology that are the result of the authorized processes described in A. or B., above, shall be considered Licensed Content Products for all purposes of the AACS Agreement (including Compliance Rules) and Specifications.

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APPENDIX 1

Secrecy Required and Integrity Required

In addition to those items listed as Secrecy Required on the table below, intermediate data items that are derived from such Secrecy Required items shall also be treated as Secrecy Required. Examples include but are not limited to K_{vu}, also known as the Volume Unique Key and which is derived from the Media Key and the Volume ID as defined in the Specifications, and the random/pseudorandom number generator constants k and S, as defined in the Specifications.

Secrecy Required*	
	Device Keys
	Sequence Keys
	Drive Private Key
	Host Private Key
	Media Keys
	Media Key Variant
	Title Keys
	C_{mfg}
	Data Key
	Bus Key
	MCS Private Key
	PVAS Private Key
	Algorithms described in specifications marked Confidential, including "*HD-DVD and DVD Pre-recorded Book Confidential Part for CE System*" and "*HD-DVD and DVD Pre-recorded Book Confidential Part for PC-based System*"
Integrity Required**	
	AACS LA Public Key
	AACS LA Content Cert Public Key
	MCS Public Key
	PVAS Public Key
	Device Binding Nonce
	Pre-recorded Media Serial Number
	Prepared Video Serial Number
	DRL or individual components thereof, when being stored in non-volatile storage by a Licensed Product as required in the Specifications
	CRL, or individual segments thereof, when being stored in non-volatile storage by a Licensed Product as required in

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	the Specifications
	MKB when being stored in non-volatile storage by a Licensed Product as required in the Specifications
	Partial MKB, or individual components thereof, when being stored in non-volatile storage by a Licensed Product as required in the Specifications

* Note: KCD is not Secrecy Required, but is subject to the robustness requirements of Part 2, Section7.12.

** Note: Volume ID, Media ID, and Binding Nonce are not Integrity Required but are subject to the robustness requirements of Part 2, Section7.10.

Note that the Variant Number and Kvn are not secrecy required, but are sensitive information and should be protected such that these values are not accessible through the user interface, debug interfaces or any other user accessible interface.

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Attachment I – Additional Definitions Used in the Compliance Rules

The following terms are used, but not defined in the Compliance Rules. These terms are defined in the Content Participant Agreement and/or the Adopter Agreement. The definitions are repeated here for the convenience of the reader.

1.1 "415K Resolution" means an image having the visual equivalent of no more than 415,000 pixels per frame (e.g., an image with resolution of 854 pixels by 480 pixels for a 16:9 aspect ratio).

1.2 "AACS Technology" means the technology and methods developed by the Licensors and described in the Specifications including, without limitation, the technology and methods for authentication, encryption, decryption, encryption key management, encryption system renewability, forensic tracing and Online Transactions, and the AACS Keys and the Evaluation Keys.

1.3 "Adopter" means an entity that has executed an Adopter Agreement that remains in effect, and shall include its Affiliates.

1.4 "Adopter Agreement" means any Approved License entered into by AACS LA, Licensors and a party designated as "Adopter" that is called an Interim Adopter Agreement or an Adopter Agreement by AACS LA.

1.5 "Approved License" means an Adopter Agreement, Content Participant Agreement, Content Provider Agreement, Reseller Agreement, AACS Online Service Provider Agreement or other license agreement for use of the Specifications and/or AACS Technology, approved by the Licensors.

1.6 "Authorization" means the process by which a Managed Copy is authorized through an Online Transaction in accordance with an Approved License and the Specifications.

1.7 "Baseline Move Permission" means, with respect to an authorized copy of AACS Content, that such copy is permitted to be Moved (including multiple sequential Moves) (in each case as defined in the Compliance Rules) where supported by the AACS Authorized Copying Method, provided that (a) a Move to a Removable Storage Medium is permitted only where such authorized copy was originally made to a Removable Storage Medium, (b) the destination of such Move at (i) above 415K Resolution is limited to AACS Authorized Copying Methods designated on Table C1 as being authorized for copying at above 415K Resolution or technologies that are otherwise approved by AACS LA for such purpose, (ii) 415K Resolution or below is limited to technologies listed on Table W of the Compliance Rules, and (c) in the case of a Move between two devices,

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the devices are determined by reasonable means to be within the same home or personal environment.

1.8 "CCI Managed Copy Equivalent" means a copy of a Licensed Content Product made pursuant to CCI (as defined in the Specifications) in the Licensed Content Product which is set to "copy one generation" or to assert redistribution, but not copy, control.

1.9 "Content Participant" means the Executing Entity, and shall include its Affiliates.

1.10 "Content Provider" means an entity that has executed a Content Provider Agreement that remains in effect, and shall include its Affiliates.

1.11 "Device Key" means a cryptographic value used to decrypt portions of a Media Key Block in order to calculate a Media Key, as defined by the technical specifications contained in "AACS Introduction and Common Cryptographic Elements," published by AACS LA.

1.12 "Device Key Set" means Device Keys which are provided to Adopter by AACS LA or its designee for use in a specific device or set of devices.

1.13 "Digital Entertainment Content" means audiovisual works and/or sound recordings as defined in 17 U.S.C. § 101, games, ebooks or software and related information or material intended for enjoyment by end-users that may include, by way of example and not of limitation, graphics, liner notes, and interviews with or statements by artists, which is: (a) not created by a user of a particular Licensed Product, and (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers, purchasers, licensees, or the public at large, or otherwise for commercial purposes, not uniquely to an individual or a small, private group.

1.14 "Expire" means steps set forth in the Specifications by which AACS Keys may be invalidated, rendering them unable to be used to decrypt, record or playback Digital Entertainment Content protected by AACS Technology (including, where the context requires, "Expiration" or "Expired").

1.15 "Final Adopter Agreement" means an Adopter Agreement designated other than "interim" by AACS LA.

1.16 "Interim Adopter Agreement" means an Adopter Agreement designated as "interim" by AACS LA.

1.17   "Licensed Component" means that portion of a component, other than an Evaluation Licensed Component, such as an integrated circuit, circuit board, or software module which (i) is manufactured under license from AACS LA and the Licensors, (ii) is designed solely to be and, except in the case of a Robust Inactive Product, is assembled into a Licensed Product, or is sold or otherwise distributed to a Fellow Adopter or an Authorized Reseller solely for resale and/or distribution in accordance with the terms of a Reseller Agreement and the applicable Adopter Agreement; (iii) embodies a portion, but not all, of the requirements of one or more Specifications and/or which, by virtue of the fact that it is not a Licensed Product, does not by itself completely satisfy all of the Compliance Rules; (iv) cannot by itself, or with the mere addition of AACS Keys, decrypt any Digital Entertainment Content protected using AACS Technology; and (v) does not contain AACS Keys (other than AACS Public Keys) unless (x) it is distributed to an end user in the course of a Periodic Update or (y) Adopter (or the applicable Fellow Adopter) upon distribution to a third party employs commercially reasonable business practices to verify receipt by a customer authorized under Sections 2.3.1 and 2.3.2 of the AACS Adopter Agreement and promptly reports to AACS LA any failure of a Licensed Component to be received by such customer following shipment.

1.18   "LCP Unit" means a unit of Licensed Content Product as embodied on Removable Storage Media and associated with a Content Certificate issued pursuant to this Agreement, unless explicitly and specifically noted otherwise in this Agreement. Except as explicitly and specifically noted otherwise, for purposes of this Agreement, "LCP Unit" does not include any Interim LCP Unit.

1.19   "Licensed Content Producer" means an Adopter that (i) engages in mastering or authoring of digital data and/or the use of such data to produce a glass master (or equivalent) as intermediate steps towards the production of pre-recorded physical media containing Evaluation Licensed Content Products or Licensed Content Products, or (ii) prepares Licensed Content Products for online delivery.

1.20   "Licensed Content Product" means those portions of digital data of a pre-recorded or downloadable content product protected by or using AACS Technology (at least some of which data must contain a reproduction in digital form of Digital Entertainment Content), that: (i) implement one or more Specifications, whether or not embodied in Removable Storage Media; (ii) are not an Evaluation Licensed Content Product; (iii) are manufactured or produced under license from AACS LA and the Licensors pursuant to an Adopter Agreement; (iv) embody and comply with all requirements of all applicable Specifications; and (v) meet all applicable Compliance Rules. For the avoidance of doubt, to the extent such data are arranged or placed on a physical medium in a manner described with particularity by the mandatory parts of the Specifications, "Licensed Content

Product" includes such arrangement or placement, but excludes the physical medium.

1.21 "Licensed Product" means those portions of a product, other than a AACS Online Service, Evaluation AACS Online Service or Evaluation Licensed Product, manufactured under license from AACS LA and the Licensors pursuant to an Adopter Agreement that: (i) embody and comply with all requirements of all applicable Specifications; (ii) if shipped after the Certification Requirement Date and are not a Licensed Content Product, are an Acknowledged Product; (iii) meet all applicable Compliance Rules; and (iv) are designed for the playback and/or recording of Digital Entertainment Content. For the avoidance of doubt, "Licensed Product" includes: (x) a Licensed Content Product; and (y) those portions of data arranged or placed on a blank recordable physical media product in a manner described with particularity by the mandatory parts of the Specifications, but excludes the physical medium; in either case that meet the elements of the foregoing definition.

1.22 "Media Key" means a cryptographic value calculated by processing a Media Key Block using Device Keys, or that is delivered to a Licensed Content Producer, along with the corresponding Media Key Block

1.23 "Media Key Block" or "MKB" means the encrypted block of keys which is provided for use with AACS Technology and defined by the Specifications.

1.24 "Non-Consumer Product" means a Licensed Content Product that is not sold or otherwise made available for consumer possession, such as airline exhibition or non-consumer screening.

1.25 "Periodic Update" means the modification of a Licensed Product or Robust Inactive Product, including, when necessary, provision of or replacement of the Device Key Set, via means not unduly burdensome to the end user, such as download of updated software from a website, so that the implementation as modified is a Licensed Product and, when the Device Key Set has been replaced, only the new Device Key Set can be used to decrypt portions of a Media Key Block in order to calculate a Media Key. For the avoidance of doubt, and without limitation of any other provision of this Agreement (including without limitation the Compliance Rules), Activation shall be subject to the provisions of Section 7.7 of the Compliance Rules.

1.26 "Produced" shall mean (i) in the case of hardware, when the unit has been completed with respect to the production or assembly process; and (ii) in the case of software, when Adopter has finalized the software version of which the unit is a copy in a version ready for general release to consumers (often referred to as "release to manufacturing"), measured by the earliest date on which Adopter first duplicates such version for purposes of distribution, either by stamping it on

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Removable Storage Media (for retail or OEM distribution), or by loading it onto a server for distribution by electronic download (to OEMs, retailers or consumers). Adopter shall be allowed to make changes to software for the sole purpose of implementing security patches or bug fixes of failures to operate in accordance with pre-existing product specification without changing the date the modified software is considered Produced, provided that such modifications do not otherwise change or add to the functionality or the user interface provided by the software.

1.27 "Removable Storage Media" means optical or other media that are designed primarily for transporting digital files between devices and that are removed in the ordinary course of consumer usage (*e.g.,* flash memory cards), and does not include other storage media that are generally considered to be fixed in ordinary consumer usage (*e.g.,* PC/laptop hard disk drives which are not meant to be removed when PC/laptop is running).

1.28 "Robust Inactive Product" means those portions of a component or product, other than a AACS Online Service or Evaluation AACS Online Service, manufactured under license from AACS LA and the Licensors that embody a portion or all of the requirements of one or more Specifications and which meet one of the following sets of conditions:

1.28.1 such portions (i) must be Activated by the end user prior to using their functionality; (ii) do not contain a Device Key; (iii) are no less secure from circumvention (including but not limited to modification and /or compromise of Confidential and Highly Confidential Information) than a Licensed Product is required to be; and (iv) meet the Robustness Rules that would be applicable to those portions implemented in such component or product if they were implemented in a Licensed Product, except that portions of such component or product implemented in software object code may, alternatively, meet the requirements of (iii) and this subsection (iv) if they are encrypted using a strength of encryption that is equal to or greater than the cipher used for encryption of Digital Entertainment Content as specified in the Specifications; provided that the keys necessary to decrypt and use such portions are not made available other than by Adopter or its designee during Activation.; or

1.28.2 such portions (i) are contained in a multi-purpose chip that has had its AACS Technology functions permanently disabled prior to shipment to a customer that did not elect to include such functions in its order; (ii) do not contain a Device Key, (iii) are no less secure from circumvention (including but not limited to modification and /or compromise of Confidential and Highly Confidential Information) than a Licensed Product is required to be; and (iv) meet the Robustness Rules that would

be applicable to those portions implemented in such component or product if they were implemented in a Licensed Product.

    1.28.3   such portions (i) must be Activated prior to using their functionality; (ii) contain a Device Key protected by silicon (or similar) circuitry or firmware using a method clearly designed to effectively frustrate attempts to expose such Device Key (e.g., by using the values only inside a secure processor, and that effectively and uniquely associate such Device Key with a single device (such as by encrypting the values using a key that is unique to a single device); (iii) are no less secure from circumvention (including but not limited to modification and /or compromise of Confidential and Highly Confidential Information) than a Licensed Product is required to be; (iv) meet Section 7.2, 7.3, 7.4.1(b), 7.6, 7.7, and 7.13 of the Robustness Rules as though such provisions are applicable to such portion of component or product in addition to applying to Licensed Products generally; and (v) the keys necessary to decrypt and use such portions are not made available other than by Adopter or its designee to another Adopter for incorporation into the Licensed Product, Licensed Component or second Robust Inactive Product described in 1.9 (ii) of the AACS Adopter Agreement.

1.29   "Theatrical Release" means to make particular Digital Entertainment Content commercially available to consumers in a cinema or theater on a basis other than for test purposes.

1.30   "Watermark Screening Obligations" means the requirements applicable to Adopter set forth in the Section of the Compliance Rules entitled "Watermark Compliance Rules" (including any references therein to other sections of the Compliance Rules), and the Robustness Rules as applicable to the implementation of such requirements

EXHIBIT F

Output Restriction, Suspension and Delisting

1. **Certain Definitions**.

   1.1 "Delist" means (a) with respect to an AACS Authorized Copying Method (as identified by the affected MCOT ID(s)), to cease to require an Authorization of a Managed Copy to such MCOT pursuant to the Mandatory MC Obligations and, accordingly, to move such MCOT from Table C1 to Table C2 of the Compliance Rules, and (b) with respect to an AACS Authorized Digital Output, to prohibit Licensed Products Produced after the date of Delisting to pass any AACS Content through such Output, and accordingly, to remove such Output from Table D1 of the Compliance Rules and (c) in each case, to require that such MCOT or Output, as applicable, undergo the approval process in order to be reinstated on Table C1 or Table D1, respectively.

   1.2 "Suspend" means, with respect to an AACS Authorized Copying Method (as identified by the affected MCOT ID(s)), (a) to cease to require an Authorization of a Managed Copy to such MCOT pursuant to the Mandatory MC Obligations, and, accordingly, to issue a notice that such MCOT has been suspended and require that such MCOT undergo the reinstatement process set forth below in order to be reinstated on Table C1, or (b) to otherwise restrict or condition the obligations with respect to such MCOT (including, without limitation, ceasing to allow the MCOT to Move Managed Copies).

2. **Suspension and Delisting of AACS Authorized Copying Methods**.

   2.1 The following provisions apply to AACS Authorized Copying Methods (as identified by the particular affected MCOT IDs thereof), in each case only to the extent that they apply to Managed Copies (and not, for example, to any CCI Managed Copy Equivalents) or otherwise in relation to Managed Copy Authorizations and only for so long as the Mandatory MC Obligations are applicable to Content Participant or comparable managed copy obligations are applicable to any Fellow Content Participant or Third Party Content Provider.

   2.2 Process for Suspension.

      2.2.1 If AACS LA identifies on its own initiative or if there are allegations by an Arbitration Eligible Content Participant that there is credible evidence that consumers are exploiting a compromise or breach in such AACS Authorized Copying Method (including, without limitation, a compromise or breach constituting or arising out of a failure of the implementers of such AACS Authorized Copying Method to comply with the specifications, license terms or compliance rules applicable thereto or the failure by the applicable Output Licensor (as defined below) to enforce any of the foregoing) in order to make and/or distribute unauthorized copy(ies) of AACS Content or Managed Copy(ies) (including, without limitation, an unauthorized or noncompliant copy made in connection with permission or authorization for a Move), AACS shall undertake a review to determine if such credible evidence exists (the existence

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of such credible evidence, a "Suspension Eligible Condition"). Credible evidence of such exploitation may include, without limitation, a showing that a circumvention tool (e.g., software application) for such AACS Authorized Copying Method is readily available. Allegations provided by an Arbitration Eligible Content Participant shall be accompanied by a sworn affidavit setting forth in reasonable detail the grounds for such allegations. If AACS LA determines that such Suspension Eligible Condition does not exist, such decision by AACS LA shall be subject to arbitration in accordance with Section 2.4. If AACS LA determines that such Suspension Eligible Condition does exist, it shall initiate a review to determine whether or not to Suspend an AACS Authorized Copying Method ("Suspension Review"). If an AACS Authorized Copying Method has multiple MCOT IDs associated with it, the review of whether a Suspension Eligible Condition exists and the Suspension Review, including without limitation the evaluation of the Suspension Factors (as defined below), the application of the "safe harbors" described in Section 2.3, any resulting Suspension, and any arbitration over any of the foregoing shall be specific to those MCOT IDs alleged to be affected by such compromise or breach.

2.2.2   The initial phase of the Suspension Review by AACS LA shall be a ninety (90) day correspondence period relating to the Suspension of the AACS Authorized Copying Method at issue, during which period all affected parties shall be permitted to submit all credible evidence they deem relevant. Promptly upon the commencement of such initial phase of the Suspension Review, AACS LA shall provide written notice thereof to all affected parties.

2.2.3   After the expiration of such ninety (90) day period, AACS LA shall determine whether or not to Suspend the AACS Authorized Copying Method and which Suspension limitation, restriction or condition remedy shall apply. The decision of AACS LA as to whether to Suspend shall be made only based on a finding that a Suspension Eligible Condition exists and that the applicable Suspension remedy is appropriate considering the Suspension Factors set forth below in order to achieve a fair balance among the interests of content owners, consumers and product manufacturers; provided that AACS LA shall not Suspend an AACS Authorized Copying Method where it determines that a Suspension Eligible Condition exists if it also determines that a remediation plan proposed by the licensor of the applicable output technology ("Output Licensor") to be implemented in accordance with a detailed implementation schedule (such a plan and schedule, if approved by AACS LA, referred to herein as the "Approved Remediation Plan") will remedy the breach or compromise in a manner AACS LA finds sufficient to make Suspension unnecessary; and provided further that, in any event, diligent implementation of such Approved Remediation Plan is a continuing condition to an AACS LA determination not to Suspend an AACS Authorized Copying Method. The "Suspension Factors" are as follows:

(A)   The number and percentage of consumers that are actively making and/or moving Managed Copies using the AACS Authorized Copying

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Method at issue, and whether such consumers have an alternative AACS Authorized Copying Method on their devices;

(B) The number and percentage of consumers that are likely to be able to use the compromise or breach, the number of unauthorized copies likely to be made or used, and how quickly this is likely to occur;

(C) Whether the Arbitration Eligible Content Participant(s) that initiated the Suspension review are continuing to voluntarily publish content to the applicable AACS Authorized Copying Method (either in the AACS Technology environment (e.g. Managed Copies that are not made pursuant to Mandatory MC Obligations) or in other contexts (e.g. initial distribution)) even though such voluntary publication of content is subject to the same breach as is being evaluated pursuant to this Suspension process, and, in the case in which the AACS Authorized Copying Method under evaluation is an AACS Technology, additional weight, as determined by AACS LA (or, in the case of an arbitration pursuant to Section 2.4 below, the arbitrator), shall be given to this Suspension Factor;

(D) Whether an effective remediation plan has been proposed, and the time period required to deploy the remedy;

(E) If a remedy is proposed, but is not backwards compatible to be implemented in legacy devices, the extent of harm to Content Participants and other Adopters distributing uncompromised devices, given the time to upgrade, and the number of legacy devices that cannot be upgraded;

(F) Whether the circumvention can be done by using general purpose tools;

(G) Whether the Output Licensor has engaged in reasonable efforts (including, without limitation, as part of the initial design) to isolate effects of Suspension to a subset of products;

(H) Whether the Output Licensor is following its breach management process (e.g., performing revocations, using other enforcement mechanisms);

(I) Whether third party beneficiary rights are available to enforce the terms under which the MCOT technology is licensed;

(J) Whether the breach or compromise affects the entire AACS Authorized Copying Method technology or one (1) or more implementations of the AACS Authorized Copying Method technology, and the relative numbers of those affected and not; and

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(K)   Any other factors AACS LA or any member of AACS LA or the MCOT Licensor (or, in the case of an arbitration pursuant to Section 2.4 below, the arbitrator) deems relevant.

2.2.4   In the event that AACS LA (or, in the case of an arbitration pursuant to Section 2.4 below, the arbitrator) determines that the circumstances warrant Suspension of a particular AACS Authorized Copying Method, then the Suspension shall take effect according to the applicable time frame set forth below:

(A)   if the Output Licensor has submitted a remediation plan that is an Approved Remediation Plan, and the time period for remediation set forth in the Approved Remediation Plan has lapsed and the Approved Remediation Plan has not been completed in all material respects as of such lapse, then AACS LA shall notify the Output Licensor and Content Participant of such failure of the Approved Remediation Plan to be completed and Suspension shall occur thirty (30) days after such notice by AACS LA;

(B)   if the Output Licensor has not submitted a remediation plan, then Suspension shall occur thirty (30) days after the date that AACS LA determines to Suspend; or

(C)   if the Output Licensor has submitted a remediation plan that is not an Approved Remediation Plan, then AACS LA (or, pursuant to an arbitration as set forth in Section 2.4 below, the arbitrator) shall set a time period for remediation (the "Suspension Delay"), the determination of which such Suspension Delay shall take into account the likely effectiveness of such plan, the time period asserted by the Output Licensor as required to deploy such plan and AACS LA's reasons for not accepting such plan or time period. During such Suspension Delay, AACS LA and the Output Licensor shall work in good faith toward reaching agreement on an Approved Remediation Plan. If, by the expiration of the Suspension Delay, an Approved Remediation Plan is not agreed upon, then Suspension shall occur thirty (30) days after the expiration of the Suspension Delay. Under this subsection (C), the decision whether a plan submitted by the Output Licensor is an Approved Remediation Plan shall take into account, as an aggravating factor, the amount of time that has passed between the submission of the original remediation plan and the proposed date of approval of a plan as an Approved Remediation Plan. Remediation under such Approved Remediation Plan shall be subject to subsection (A) above.

2.3   Safe Harbor.

2.3.1   415K Resolution Stream Recording MCOT. Notwithstanding the foregoing provisions of this Section 2, an MCOT (for the avoidance of doubt, as identified by the applicable affected MCOT ID(s)) that provides only for Stream Recording (as defined below) at 415K Resolution or below (each, a "415K

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<u>Output</u>"), that has been submitted for approval for inclusion on Table C1 as of the Final CP License Date and that is subsequently approved for inclusion on Table C1, shall not be subject to Suspension if either of the following "safe harbor" standards is satisfied (to the extent applicable as noted below):

(A)   The Output Licensor has taken steps to prevent future harm such that Suspension will have no additional effect on reducing future harm.

(B)   For technologies with third party beneficiary rights with respect to material non-compliance, injunctive relief, change management, and revocation procedures that are the same or similar to those of AACS LA, the Output Licensor has submitted and complies with a mitigation plan that will mitigate future harm in a manner and on a timeline comparable to an effective mitigation plan that AACS LA would be able to adopt with respect to AACS Technology in the same circumstances, or in a manner or on a timeline that is better, where possible, in response to a similar breach, <u>provided</u>, however, that the safe harbor set forth in this subsection (B) shall not be available if AACS LA (or, in the case of an arbitration pursuant to Section 2.4 below, the arbitrator) determines that the harm to Content Participants and Content Providers if the MCOT is not Suspended will clearly outweigh the harm to device manufacturers if the MCOT is Suspended.

For purposes of this Section 2.3, "<u>Stream Recording</u>" shall mean recording of audiovisual content of AACS Content but not the interactivity layer.

2.3.2   <u>AACS MCOTs</u>. Notwithstanding the foregoing provisions of this Section 2, the MCOTs identified on Table C1 as "AACS Prepared Video" and "AACS Recordable Video" (each, an "<u>AACS MCOT</u>") shall not be Suspended in the following circumstances:

(A)   AACS MCOTs that are 415K Outputs shall not be Suspended if either of the safe harbor standards set forth in Section 2.3.1 is satisfied (to the extent applicable as noted therein); and

(B)   AACS MCOTs that have a resolution of over 415K Resolution shall not be Suspended if the standard set forth in Section 2.3.1(A) is satisfied. Such AACS MCOTs are not subject to an exemption from Suspension based on the safe harbor standard set forth in Section 2.3.1(B) above, but, instead, in the determination of whether to Suspend such MCOT pursuant to Section 2.2.3 above, increased weighting shall be given to the Suspension Factor identified in Section 2.2.3(C).

2.3.3   <u>All Other MCOTs, including HD.</u> With respect to all other MCOTs, including without limitation those that support a resolution of over 415K Resolution, such MCOTs shall not be Suspended if the standard set forth in Section 2.3.1(A) is satisfied.

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2.4   Arbitration. The following arbitration provisions shall apply to determinations relating to Suspension under this Section 2.

   2.4.1   An arbitration pursuant to this Section ("MCOT Suspension Arbitration") may be initiated, within thirty (30) days of the applicable decision of AACS LA, as follows:

      (A)   If fifty percent (50%) or more of Arbitration Eligible Content Participants object to the AACS LA determination on (i) whether a Suspension Eligible Condition exists, (ii) Suspension or the applicable Suspension remedy, (iii) an Approved Remediation Plan, or (iv) whether an Approved Remediation Plan has been successfully completed, any such Arbitration Eligible Content Participant can submit such issue to arbitration among AACS LA, the Output Licensor and Content Participants, as applicable; or

      (B)   If the Output Licensor of the affected AACS Authorized Copying Method objects to (i) the Suspension or (ii) the Suspension Delay, the Output Licensor can challenge either in arbitration.

   2.4.2   An MCOT Suspension Arbitration shall be conducted in accordance with the applicable provisions set forth in Appendix 1. In the event of an arbitration regarding AACS LA's decision to Suspend a given AACS Authorized Copying Method, the arbitrator shall be entitled to determine whether the Suspension shall be tolled during the pendency of the arbitration.

   2.4.3   In any case, where

      (A)   the same technology is used for both prerecorded format and recordable format versions of a copy protection/DRM system approved as an AACS Authorized Copying Method in its recordable form (e.g. AACS Technology), and

      (B)   a breach similarly affects content protected by both prerecorded and recordable format versions of such technology, and

      (C)   either (x) a given Content Participant continues to publish content of equivalent value (including by way of example types of content and windows of content release) in the prerecorded format version of the breached technology, unless Content Participant is using technology that is reasonably effective at restoring or maintaining the security of content ("Mitigating Technology"), which Mitigating Technology is not available with respect to the recordable format; or (y) Mitigating Technology is reasonably available to a given Content Participant with respect to both the recordable and prerecorded format version of the technology, and such Content Participant is only using such mitigating technology with respect to the prerecorded format;

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then such Content Participant shall be barred from continuing in an arbitration to challenge an AACS LA decision not to Suspend the AACS Authorized Copying Method.

2.5   Consequence of Suspension.   An AACS Authorized Copying Method that has been Suspended shall be marked as "Suspended", with the applicable Suspension remedy noted, on Table C1. At any time after Suspension but before Delisting, the Output Licensor may submit evidence to AACS LA that it or its licensees are deploying a remedy that will cure the compromise or breach in newly manufactured and distributed or updated implementations ("Cured Implementations").   AACS LA shall make a determination, within thirty (30) days after receipt of such evidence, as to whether the remedy cures the compromise or breach. If AACS LA determines that such remedy cures the compromise or breach, then Cured Implementations of such AACS Authorized Copying Method shall be listed on Table C1 with a new MCOT ID(s).   Content Participant's Mandatory MC Obligations shall apply only to such Cured Implementations listed on Table C1 according to the time frame set forth in Section 2.8 below.

2.6   AACS LA Determination to End Suspension.   At any time after the affected AACS Authorized Copying Method has been Suspended, AACS LA may determine that such Suspended AACS Authorized Copying Method shall cease to be Suspended if: (i) the Output Licensor has taken steps adequate to address the compromise or breach in newly manufactured or updated implementations of the AACS Authorized Copying Method, within the time period allowed by the AACS Authorized Copying Method license or compliance rules; (ii) it is not likely that the scope of further harm from the compromise or breach will be significant, taking into account the number of people likely to be able to continue to use it and the number of further unauthorized copies likely to be made or used, and how quickly this is likely to occur; and (iii) the potential harm to Content Participants and Content Providers if the Suspension is ended is likely to outweigh the potential harm to Adopters and consumers if the AACS Authorized Copying Method ceases to be Suspended. Any such decision by AACS LA shall be subject to arbitration according to the same procedures as set forth in Section 2.4 above, but subject to the criteria of this Section 2.6.

2.7   AACS LA Determination to Delist. If the affected AACS Authorized Copying Method remains Suspended for a period of one hundred and eighty (180) days, AACS LA shall determine whether the AACS Authorized Copying Method shall be Delisted.   The criteria for an AACS Authorized Copying Method being Delisted shall be that the Output Licensor has not identified and is not pursuing an effective remedy for the breach in newly manufactured or updated implementations of the AACS Authorized Copying Method, within the time period allowed by the AACS Authorized Copying Method license or compliance rules.   An AACS Authorized Copying Method that has been Delisted may remain on Table C2 but shall be removed from Table C1 entirely and can only become an AACS Authorized Copying Method listed on Table C1 again by making a new submission for approval pursuant to the AACS LA's normal approval process for approving new proposed output technologies. If AACS does not determine that the AACS Authorized Copying Method shall be Delisted, then the AACS Authorized Copying Method shall remain Suspended until such time as: (x) there is an AACS LA determination for the AACS Authorized Copying Method to cease to be Suspended

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under Section 2.6; or (y) there is a subsequent determination to Delist the affected AACS Authorized Copying Method in accordance with this Section 2.7, provided that a vote on such determination may be called at the request of any Arbitration Eligible Content Participant no more often than once in any ninety (90) day period following a prior vote.

2.8 <u>Notice of Action</u>. AACS LA shall provide prompt notice to Content Participant, as well as on the AACS LA website to AACS licensees, of any Suspension of an AACS Authorized Copying Method, discontinuance of any Suspension with respect to an AACS Authorized Copying Method or a Cured Implementation thereof, any Delisting of an AACS Authorized Copying Method, and any reinstatement of an AACS Authorized Copying Method after Delisting. Content Participant's Managed Copy Obligations with respect to a Suspended or Delisted AACS Authorized Copying Method shall cease to apply immediately upon such Suspension or Delisting, and, if such Suspension is discontinued or such AACS Authorized Copying Method is reinstated, Content Participant's Managed Copy Obligations with respect to such AACS Authorized Copying Method shall re-commence thirty (30) days after Content Participant's receipt of notice of such discontinuance or reinstatement.

3. <u>Restriction, Condition, Suspension and Delisting in Connection with Changes to Output Technologies</u>. The following provisions relating to changes in output technologies shall apply to the AACS Authorized Copying Methods (as identified by the affected MCOT ID(s)) as well as the AACS Authorized Digital Outputs (each, as used in this Section 3, a "<u>Listed Output</u>").

3.1 <u>Prohibited Changes</u>. "<u>Prohibited Change</u>" shall mean, with respect to an AACS Authorized Copying Method or an AACS Authorized Digital Output, a change to the specifications, license terms or compliance rules (including, without limitation, a change to the list of approved outputs) and, with respect to an AACS Authorized Digital Output, a Constructive Change (as defined below) to the specifications, license terms or compliance rules (including, without limitation, a Constructive Change to the list of approved outputs), in each case applicable to the particular Listed Output that:

3.1.1 has a material and adverse effect on such Listed Output's ability to robustly maintain the security of Digital Entertainment Content protected by the AACS Technology after it is passed to such Listed Output or that materially and adversely compromises or interferes with the integrity or security of AACS Technology; or

3.1.2 changes usage rules or the meaning of terms in the usage rules such that they are non-trivially less restrictive than at the time of AACS LA approval with respect to Digital Entertainment Content originally protected by AACS Technology after it is passed to such Listed Output, including a change or Constructive Change, as applicable, that enables a Managed Copy made to the Listed Output to be Moved (as defined in the Compliance Rules) other than as permitted in AACS LA's agreement with the Output Licensor (as an example, but not a limitation, a change or Constructive Change from expressing permitted use period for content from "30 days" to "one month" would not be considered to be a "non-trivial" change).

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3.2   If AACS LA has received a notice from an Output Licensor of a Listed Output, or has otherwise taken notice, of a change made with regard to a Listed Output ("Change Notice") and such change was made other than in accordance with a Comparable Change Management Process (as defined below), or of a Constructive Change made with regard to an AACS Authorized Digital Output and such Constructive Change was made without the availability of a Comparable Third Party Beneficiary Enforcement Process (as defined below), then AACS LA shall review and decide whether the change or Constructive Change was a Prohibited Change and, if so, whether to take action to restrict, condition or Delist, or, with respect to AACS Authorized Copying Methods, Suspend such Listed Output (collectively, "Change Review").   Such review and determination shall be undertaken, within thirty (30) days after the Change Notice, in accordance with, and subject to arbitration as set forth in, Sections 3.4, 3.5 and 3.6. For avoidance of doubt, where a change is made pursuant to the conclusion of a Comparable Change Management Process, or a Constructive Change is made pursuant to the conclusion of a Comparable Third Party Beneficiary Enforcement Process, AACS LA shall not be entitled to Delist, Suspend, restrict or condition the use of a Listed Output pursuant to this Section.

3.3   For purposes of this Section 3, the following terms shall have the corresponding meanings set forth below:

3.3.1   "Constructive Change" shall mean, with respect to an AACS Authorized Digital Output only, a pattern or repeated instances of failure to enforce compliance with specifications, license terms and/or compliance rules in effect at the time of AACS LA's approval of the AACS Authorized Digital Output, which leads either to a significant number of implementers not complying or to a smaller number of implementers, including a single implementer, repeatedly breaching (i.e., multiple products/versions), in either case with repeated non-enforcement, and in either case thereby causing a constructive change to such specifications, license terms and/or compliance rules.

3.3.2   "Comparable Change Management Process" shall mean a process, pursuant to an available written agreement, by which changes to a technology or the rules or licenses associated with a technology are subject to a procedure in which at least certain eligible content companies are given meaningful opportunities to participate in evaluating proposed changes and to object to changes through arbitration or its equivalent where the Output Licensor decides to make changes notwithstanding content company input in the evaluation process, which process is either (i) Active or (ii) AACS Acceptable.

3.3.3   "Comparable Third Party Beneficiary Enforcement Process" shall mean third party beneficiary rights, pursuant to an available written agreement, by which at least certain eligible content companies are given meaningful opportunities for redress (other than liquidated damages) with regard to the breaches of such agreement or the rules or licenses associated with a technology, which third party beneficiary rights are either (i) Active or (ii) AACS Acceptable.

3.3.4   "Active" shall mean that a written agreement with respect to the change management process or third party beneficiary rights, as applicable, has been

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signed by at least two (2) entities that are AACS Eligible Content Participants and, pursuant to such written agreement, such AACS Eligible Content Participants have the then-present rights to exercise the applicable meaningful opportunities as set forth in Section 3.3.2 or 3.3.3 above.

3.3.5 "<u>AACS Acceptable</u>" shall mean that (A) with respect to a change, the change management process provides for such participation opportunities that are as meaningful as, and not materially more burdensome than, those provided by AACS LA in the applicable agreements, and (B) with respect to a Constructive Change, the third party beneficiary rights provide for opportunities for redress (other than liquidated damages) of breaches that are as meaningful as, and not materially more burdensome than, those provided by AACS LA in the applicable agreements.

3.4 If, pursuant to the Change Review, AACS LA determines that the change was made in accordance with an Active or AACS Acceptable Comparable Change Management Process, or the Constructive Change was made in accordance with an Active or AACS Acceptable Comparable Third Party Beneficiary Enforcement Process, and is therefore not subject to action by AACS LA ("<u>Non-Reviewable Change Decision</u>"), then AACS LA shall provide notice of such determination to Qualified Content Participants (as defined below). In such event, a Qualified Content Participant may initiate arbitration to seek a ruling that such Non-Reviewable Change Decision was unreasonable, upon a finding of which the arbitrator shall provide reasonably detailed reasons for its decision and direct AACS LA to re-evaluate its Non-Reviewable Change Decision in light of such reasons. AACS LA shall undertake such re-evaluation, and notify the Qualified Content Participant of its determination, within thirty (30) days of the arbitrator's decision. In the event that, upon such re-evaluation, AACS LA again makes a Non-Reviewable Change Decision, a Qualified Content Participant may continue the foregoing arbitration, in which event the arbitrator shall determine whether the Qualified Content Participant(s) initiating the arbitration have demonstrated by preponderance of the evidence that (x) the change management process is neither an Active or AACS Acceptable Comparable Change Management Process or the third party beneficiary rights enforcement process is neither an Active nor AACS Acceptable Comparable Third Party Beneficiary Enforcement Process, and (y) such change or Constructive Change is a Prohibited Change. For arbitrations initiated under the previous sentence, only upon prevailing on item (x) may such Qualified Content Participant(s) proceed to seek and obtain, in the same or a subsequent arbitration, a ruling on item (y). In the event that the arbitrator determines that the change or Constructive Change is a Prohibited Change, then within thirty (30) days after the arbitrator's decision, AACS LA will undertake a further Change Review to determine whether to restrict, condition or Delist, or, with respect to AACS Authorized Copying Methods, Suspend such Listed Output, which such determination shall be in accordance with, and subject to arbitration as set forth in, Section 3.5. "<u>Qualified Content Participant</u>" means a Founder that is an Eligible Content Participant and that, within ninety (90) days after receiving notice that a particular AACS Authorized Copying Method has been added to Table C1 or a particular AACS Authorized Digital Output has been added to Table D1, has filed a letter from an officer of such Founder setting forth the reasons why the change management process and/or third party beneficiary rights enforcement process associated with such Listed Output is not AACS Acceptable. For approved Listed Outputs that later update their change

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management process and/or third party beneficiary rights enforcement process in an attempt to become AACS Acceptable, a similar letter process, with similar cutoff period, would apply.

3.5 If (i) AACS LA has made no decision on whether the change or Constructive Change is a Prohibited Change within thirty (30) days of receipt of the Change Notice (or such longer time as may be agreed by unanimous consent of the Founders), (ii) the decision by AACS LA, pursuant to the Change Review, is that the change or Constructive Change, as applicable, is not a Prohibited Change, (iii) the decision by AACS LA pursuant to the Change Review, or the arbitrator pursuant to the provisions of Section 3.4, is that the change or Constructive Change, as applicable, is a Prohibited Change but AACS LA has determined not to Delist, Suspend, or restrict or condition the use of the Listed Output, or (iv) the decision by AACS LA pursuant to the Change Review, or the arbitrator pursuant to the provisions of Section 3.4, is that the change or Constructive Change, as applicable, is a Prohibited Change and AACS LA has determined that the use of the Listed Output should be restricted or conditioned but not Suspended or Delisted (each, a "Non-Suspension/Delisting Decision"), then AACS LA shall provide notice of such determination to each Founder that is a Content Participant ("Founder Content Participant"). Any Founder Content Participant may initiate an arbitration proceeding, or continue an arbitration commenced pursuant to Section 3.4, to seek a ruling that the Non-Suspension/Delisting Decision was unreasonable, upon a finding of which the arbitrator shall provide reasonably detailed reasons for its decision and direct AACS LA to re-evaluate its Non-Suspension/Delisting Decision in light of such reasons. AACS LA shall undertake such re-evaluation, and notify each Founder Content Participant of its determination, within thirty (30) days of the arbitrator's decision. In the event that, upon such re-evaluation, AACS LA again makes a Non-Suspension/Delisting Decision, a Founder Content Participant may continue the foregoing arbitration proceeding, in which event the arbitrator shall determine:

3.5.1 in the case where AACS LA has made no decision (x) within thirty (30) days of receipt of the notice or advice of the change (or such longer time that may have been agreed by unanimous consent of all the Founders), whether the Founder Content Participant(s) initiating such arbitration have demonstrated by preponderance of the evidence that such change is a Prohibited Change and, if so, whether such Listed Output should be Delisted, restricted or conditioned, or, with respect to AACS Authorized Copying Methods, Suspended, or (y) within thirty (30) days of the provision of information by one or more Founders alleging that a Constructive Change that is a Prohibited Change has occurred, whether the Founder Content Participant(s) initiating such arbitration have demonstrated by preponderance of the evidence that a Constructive Change that is a Prohibited Change has occurred (based on the standard set forth above in relation to AACS LA's consideration of whether a Constructive Change which is a Prohibited Change has occurred), and, accordingly, whether such Listed Output should be Delisted, restricted or conditioned or, with respect to AACS Authorized Copying Methods, Suspended;

3.5.2 in the case where AACS LA has decided that a change or a Constructive Change, as applicable, is not a Prohibited Change, whether the Founder Content Participant(s) initiating such arbitration have demonstrated by the

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preponderance of the evidence that such change or Constructive Change is a Prohibited Change and, if so, whether such Listed Output should be Delisted, restricted or conditioned or, with respect to AACS Authorized Copying Methods, Suspended;

3.5.3　in the case where AACS LA, or the arbitrator pursuant to the provisions of Section 3.4, has determined that a change or Constructive Change, as applicable, is a Prohibited Change but AACS LA has determined not to Delist, Suspend, or restrict or condition the use of the Listed Output, whether the Founder Content Participant(s) initiating such arbitration have demonstrated by a preponderance of the evidence that the Prohibited Change should have resulted in Delisting, restriction or conditioning, or, with respect to AACS Authorized Copying Methods, Suspension, of the use of the Listed Output; and

3.5.4　in the case where AACS LA, or the arbitrator pursuant to the provisions of Section 3.4, has determined that a change or Constructive Change, as applicable, is a Prohibited Change and AACS LA has determined that the use of the Listed Output should be restricted or conditioned but not Suspended or Delisted, whether the Founder Content Participant(s) initiating such arbitration have demonstrated by a preponderance of the evidence that the Prohibited Change should have resulted in Delisting, restriction or conditioning, or, with respect to AACS Authorized Copying Methods, Suspension, of the use of the Listed Output different from that imposed by AACS LA.

3.6　If AACS LA, or the arbitrator pursuant to the provisions of Section 3.4, has determined that a change or a Constructive Change, as applicable, is a Prohibited Change and AACS LA, or the arbitrator pursuant to the provisions of Section 3.5, has, accordingly, taken action to Delist, restrict or condition, or with respect to AACS Authorized Copying Methods, Suspend, the use of a Listed Output (an "Output Restricting Decision"), the Output Licensor of that Listed Output may initiate an arbitration within thirty (30) days of receiving notice from AACS LA of the action to be taken. In such arbitration, the arbitrator shall determine whether the Output Restricting Decision was unreasonable, upon a finding of which the arbitrator shall provide reasonably detailed reasons for its decision and direct AACS LA to re-evaluate its Output Restricting Decision in light of such reasons. Within thirty (30) days of the arbitrator's decision, AACS LA shall undertake such re-evaluation, and notify the Output Licensor and all Founder Content Participants of its determination.   In the event that, upon such re-evaluation, AACS LA again makes an Output Restricting Decision, the Output Licensor of the affected Listed Output may continue the foregoing arbitration, in which event the arbitrator shall determine whether the Output Licensor has shown by a preponderance of the evidence that the change or Constructive Change was not a Prohibited Change or that the Listed Output should not have been Suspended, Delisted, restricted or conditioned as determined by AACS LA.

3.7　Any arbitration undertaken pursuant to this Section 3 shall be conducted in accordance with the applicable provisions set forth in Appendix 1 to this Exhibit H.

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APPENDIX 1 TO EXHIBIT H

<u>Output Suspension and Delisting Arbitration Procedures</u>

The following provisions shall apply to an MCOT Suspension Arbitration pursuant to Section 2.4 of <u>Exhibit H</u> and an arbitration undertaken pursuant to Section 3 of <u>Exhibit H</u>:

(a)   The arbitration shall be conducted by a panel of three (3) arbitrators, each of whom shall have a minimum of fifteen (15) years relevant experience and shall be selected by the American Arbitration Association from its National Panel of Commercial Arbitrators.

(b)   The arbitration shall be conducted in New York, N.Y. in accordance with the International Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted in English.

(c)   The arbitrators may conduct the arbitration in such manner as it shall deem appropriate, including the imposition of time limits that it considers reasonable for each phase of the proceeding, but with due regard for the need to act, and make a final determination, in an expeditious manner. The arbitrators shall set a schedule to endeavor to complete the arbitration within one (1) month.

(d)   The arbitrators shall permit and facilitate such limited discovery as he or she shall determine is reasonably necessary, taking into account the needs of the parties and the desirability of making discovery as expeditious and cost-effective as possible.

(e)   The parties and the arbitrators shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator as Confidential Information; provided, however, that AACS LA shall be entitled to access to all such information whether or not it is a party to such arbitration and shall be permitted to disclose information from such arbitration to the arbitrators to any subsequent arbitration under this subsection (e) when such information is relevant to the consistent resolution of such subsequent arbitration. In addition, and as necessary, the arbitrators may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.

(f)   The arbitrators shall make its determination of the issue(s) submitted to arbitration pursuant to Section 2.4 in accordance with the procedures and Suspension Factors as set forth in Section 2.2 and pursuant to Section 3 in accordance with the provisions of Section 3. The determination of the arbitrators shall be final and binding on the parties, except that whether the arbitrators exceeded their authority shall be fully reviewable by a court of competent jurisdiction. The parties agree that judgment upon any decision may be entered in a court of competent jurisdiction.

(g)   The arbitrators shall be compensated at his or her hourly rate, determined at the time of appointment, for all time spent in connection with the arbitration, and shall be reimbursed for reasonable travel and other expenses. The arbitrators shall determine all costs of the arbitration, including his or her fees and expenses, the costs of expert advice and other assistance engaged by the arbitrators, the cost of a transcript and the costs of meeting and hearing facilities. The arbitrators shall assess the losing Party or parties the costs of the arbitration set forth in this subsection (g).

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