

**SAFIA CONTENT PARTICIPANT AGREEMENT**

This Content Participant Agreement (the "Agreement") is effective as of \_\_\_\_\_ (the "Effective Date"), by and between: SAFIA Agent (defined below); and the entity which is named immediately below (together with its Affiliates, "Content Participant"):

Name of Content Participant:	
Name of Contact Person:	
Contact Person's Address:	
Contact Person's Title:	
Contact Person's Phone number:	
Contact Person's Fax number:	
Contact Person's E-mail Address:	
Location of Principal Office:	
Jurisdiction of Incorporation:	
Year of Incorporation:	

**WITNESSETH:**

WHEREAS, a group of companies identified below as the Founders has developed a certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital content from unauthorized interception, retransmission, and copying, which method is described in the specification entitled "SAFIA Specification" Release 1.0, as from time to time may be modified by the Founders;

WHEREAS, the Founders have authorized the SAFIA Agent to offer and administer licenses to the SAFIA Specification;

WHEREAS, Content Participant wishes to have the right, subject to the terms and conditions set forth herein, to use SAFIA, or to cause SAFIA to be used, to protect its Commercial Audiovisual Content (defined below) and to obtain certain other rights as may be granted to Content Participant hereunder;

WHEREAS, Content Participant intends that any permitted copies of its Commercial Entertainment Content are to be used for non-commercial purposes;

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

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SAFIA Agent and Content Participant ("the Parties") agree as follows:

**1. DEFINITIONS**

In addition to terms defined elsewhere in this agreement, the following terms shall have the following meanings. All definitions herein shall apply equally to their singular and plural forms, all pronouns shall apply without regard to gender, and all references to sections and exhibits shall be deemed to be references to sections of, and exhibits to, this agreement unless the context shall otherwise require.

"Administration Fee" shall have the meaning set forth in Section 4.1.

**“Affiliate”** shall mean, with respect to any person or entity, any other person or entity that directly or indirectly Controls, is Controlled by or under 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 the election of the Board of Directors or similar managing authority.

**“Agreement”** shall have the meaning set forth in the preamble to this Agreement.

**“Beneficiary Claim”** shall have the meaning set forth in Exhibit A.

**“Claim Notice”** shall have the meaning set forth in Exhibit A.

**“Commercial Audiovisual Content”** shall mean Commercial Entertainment Content in the form of audiovisual works, as defined in 17 U.S.C. § 101.

**“Commercial Entertainment Content”** shall mean works, including audio, video, text and/or graphics, that are (a) not created by the user of the Licensed Product; (b) offered for transmission, delivery or distribution, either generally or on demand, to subscribers or purchasers or the public at large, or otherwise for commercial purposes, not uniquely to an individual or a small, private group; and (c) received by a Commercially-Adopted Access Control method.

**“Common Device Proper Key and Common Device Class Certificate”** means a Device Proper Key and Device Class Certificate as contemplated in Section 2.2 of the Procedural Appendix to the SAFIA Adopter Agreement.

**“Compliance Rules”** shall mean both the requirements set out in Exhibit F to this Agreement, as such Exhibit may be amended by the Founders from time to time pursuant to Section 3.7.

**“Compliant”** refers to a product which is in compliance with all applicable Specifications, Compliance Rules and Robustness Rules, and, in the case of a product that incorporates a Common Device Proper Key and Common Device Class Certificate, is also in compliance with Section 2.2 of the Procedural Appendix to the SAFIA Adopter Agreement.

**“Confidential Information”** shall mean Proprietary Information that is either marked “confidential” or “proprietary” when disclosed in written form or indicated as “confidential” or “proprietary” when disclosed orally and confirmed in writing within thirty (30) days after such disclosure, provided that “Confidential Information” shall not include information described in Sections 2.5(i) – 2.5(iii) of the Confidentiality Agreement.

**“Confidentiality Agreement”** shall have the meaning set forth in Section 6.1.

**“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 ration). A Constrained Image may be attained by reducing resolution, for example, 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.

**“Content Participant”** shall have the meaning set forth in the preamble to this Agreement.

**“Content Participant Agreement”** shall mean this Agreement and any SAFIA Content Participant Agreement, substantially in the form of this Agreement, as may be amended from time to time in accordance with Section 3.7 hereof, entered into by SAFIA Agent and a Fellow Content Participant.

**“Content Participant Beneficiaries”** shall have the meaning set forth in Section 3.4.

**“Content Participant Beneficiary Claim”** shall have the meaning set forth in Section 3.4.

**“Content Participant User Group”** shall have the meaning set forth in Section 3.1.

**“CP Affidavit”** shall have the meaning set forth in Section 5.4.

**“Device Class Certificate”** means a cryptographically encoded value which may be provided by SAFIA Agent or an entity so designated by Founders which authorizes a device to exchange certain Commercial Entertainment Content.

**“Defendant”** shall have the meaning set forth in Exhibit A.

**“Device Proper Keys”** means cryptographic values which may be provided by the Founders or their designee for use in devices, and include the “Device Private Key” and the “Device Public Key,” all defined in the Specification.

**“Digital Only Token”** means the field, as described in the Specification, used to trigger the limitation of output of Decrypted SAFIA Content to only digital outputs. [This field is currently not used and cannot be set.]

**“Effective SAFIA Adopter Agreements”** shall have the meaning set forth in Section 3.6.2.

**“Effective Date”** shall have the meaning set forth in the preamble to this Agreement.

**“Eligible Content Participant”** means a Content Participant that (i) distributes, or causes or authorizes the distribution of, its Commercial Entertainment Content in commercial quantities to the general public, or authorizes the use of SAFIA for the recording of Commercial Entertainment Content from Prerecorded Media, a Pay Television Transmission, Pay-Per-View, Video-on-Demand or Subscription-on-Demand by the general public, and (ii) is not otherwise in material breach of any term or condition of its Content Participant Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) days of Content Participant’s receipt of notice thereof by the Founders or any SAFIA Adopter.

**“Eligible Content”** shall have the meaning set forth in Section 3.2.

**“Exhibition”** shall include the display of a Program on a television receiver, computer screen, monitor or other device.

**“Fellow Content Participant”** shall mean Content Participant and any other provider of Commercial Entertainment Content that has entered into a Content Participant Agreement.

**“Form SAFIA Specification License Agreement”** shall mean the version of the SAFIA Specification License Agreement that is appended hereto as Exhibit D.

**“Founders”** shall mean HGST Japan, Ltd., Hitachi Maxell, Ltd., PIONEER CORPORATION, and SHARP CORPORATION.

**“Highly Confidential Information”** shall mean Proprietary Information that is marked “Highly Confidential Information” when disclosed in written form or is otherwise designated as such hereunder.

**“Image Constraint Token”** shall mean the field or bits, as defined in the Specification, used to trigger the output of a “Constrained Image”.

**“Interface”** shall mean the protocols (including cryptographic algorithms) and data structures disclosed in the Specification.

**“Licensed Component”** shall have the meaning set forth in the SAFIA Adopter Agreement.

**“Licensed Content Product”** means those portions of digital data of a pre-recorded or downloadable content product protected by or using SAFIA (at least some of which data must contain a reproduction in digital form of Commercial Entertainment Content), that: (i) implement the SAFIA Specification; (ii) are manufactured or produced under license from the Founders and the SAFIA Agent; (iii) embody and comply with all requirements of all applicable Specifications; and (iv) 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.

**“Licensed Product”** shall have the meaning set forth in the SAFIA Adopter Agreement.

**“Major Content Participant”** shall mean, during the course of any year, any Fellow Content Participant that either is a member of the MPAA or has generated U.S. box office revenues from theatrical releases of feature films in the immediately prior year that are at least as great as the MPAA member company with the lowest U.S. box office revenues from theatrical releases of feature films for that same year.

**“MPAA”** shall mean the Motion Picture Association of America.

**“Necessary Claims”** shall mean claims of a patent or patent application relating to the Interface that must be infringed in order to make a product that complies with the Interface, which are owned or controlled by any Founder, any SAFIA Adopter, Content Participant, any Fellow Content Participant, or any of their respective Affiliates. “Necessary Claims” do not include any claims relating to semiconductor manufacturing technology; claims relating to aspects of any technology, standard or product that is not itself part of the Specification (including, by way of example, CSS, MPEG, IEEE 1394 and analog copy protection systems) even though such technology, standard or product may otherwise be mentioned or required by the Specification or Compliance Rules; claims with regard to which it would be possible to build a product in compliance with the Interface in the Specification without infringing such claim (even if in the same patent as Necessary Claims); or claims which, if licensed, would require a payment of royalties by the licensor to unaffiliated third parties.

**“Operative Protection Agreements”** shall have the meaning set forth in Section 3.6.2.

**“Party”** shall mean a party to this Agreement.

**“Prerecorded Media”** shall mean the delivery of one or more Programs, in prerecorded and encrypted or scrambled form, on packaged media, such as DVD discs.

**“Program”** shall mean any work of Commercial Audiovisual Content.

**“Proprietary Information”** shall mean any and all information relating to the Specification made available to Content Participant directly by SAFIA Agent or its designees or representatives, or by any Fellow Content Participant or SAFIA Adopter during the term of this Agreement, including, without limitation, specifications, software, hardware, firmware, documentation, designs, flow charts, technical data, outlines, blueprints, notes, drawings, prototypes, templates, systems, manuals, know-how, processes and methods of operation, trade secrets, business plans, strategies, concepts, research, data bases, client or customer lists, financial data, other proprietary or confidential data or information that relates to SAFIA Agent’s or a Founder’s past, present or future research, development or business activities. In no event does “Proprietary Information” include “copy control information,” codes, tags, flags or other indicia or signifiers included in Commercial Audiovisual Content.

**“Revocation”** or **“Revoked”** shall have the meaning set forth in Section 5.

**“Revocation Criteria”** shall have the meaning set forth in Section 5.4(b).

**“Revocation Information”** shall mean information distributed to Fellow Content Participants by or under the direction of SAFIA Agent for purposes of distributing such information with Commercial Audiovisual Content in order to (i) revoke one or more Device Class Certificates or (ii) rescind the Revocation of one or more Device Class Certificates.

**“Robust Inactive Product”** shall have the meaning set forth in the SAFIA Adopter Agreement.

**“Robust Licensed Component”** shall have the meaning set forth in the SAFIA Adopter Agreement.

**“Robustness Rules”** shall mean the requirements set out in the exhibit entitled “Robustness Rules” to each SAFIA Adopter Agreement, as such exhibit may be revised by Founders from time to time in accordance with Section 3.7 hereof.

**“SAFIA”** means that certain method for encryption, decryption, key exchange, authentication and renewability for purposes of protecting certain digital content from unauthorized interception and copying which method is described in the Specification.

**“SAFIA Adopter”** shall mean any Founder or any other entity that has executed a SAFIA Adopter Agreement with SAFIA Agent and delivered it to SAFIA Agent or its designee, and shall include any Affiliate of such entity.

**“SAFIA Adopter Agreement”** shall mean any SAFIA Specification License Agreement entered into by SAFIA Agent and any adopter of SAFIA.

**“SAFIA Agent”** means an entity that has been authorized by appointment by the Founders, or by executing an agreement with the Founders, to execute this Agreement with Content Participant on behalf of the Founders. The SAFIA Agent as of the Effective Date of this Agreement is Hitachi Maxell, Ltd. The Founders shall give notice to Content Participant should any other entity in the future be authorized as a SAFIA Agent for any of the functions set forth in this Agreement.

**“Storage Device”** shall have the meaning set forth in the Specification.

**“Specification”** shall have the meaning set forth in the recitals to this Agreement.

**“Third-Party Beneficiary”** shall have the meaning set forth in Exhibit A.

**“Update”** means, with respect to a Licensed Product or Robust Licensed Component distributed by a SAFIA Adopter (a “Distributed SAFIA Adopter Product”), the distribution by a SAFIA Adopter of a Licensed Product or Robust Licensed Component (the “SAFIA Adopter Update”) to modify or replace such Distributed SAFIA Adopter Product (including but not limited to modifications that activate the SAFIA functions in such Distributed SAFIA Adopter Product, or replace the Device Class Certificate or Device Proper Key in such Distributed SAFIA Adopter Product), such that (i) the resultant product (i.e., the Distributed SAFIA Adopter Product as modified or replaced by the SAFIA Adopter Update) shall be a Licensed Product or Robust Licensed Component (i.e., shall comply with all of the requirements that Licensed Products or Robust Licensed Components, as the case may be, were required to meet at the time the Distributed SAFIA Adopter Product was distributed) and (ii) upon distribution of the SAFIA Adopter Update, and upon modification or replacement of the Distributed SAFIA Adopter Product, such SAFIA Adopter Update and Distributed SAFIA Adopter Product shall be no less secure from interception of Device Proper Keys, Device Class Certificates and Decrypted SAFIA Content and from circumvention (including but not limited to modification and/or compromise of Confidential Information or Highly Confidential Information) than Licensed Products are required to be hereunder. By way of example but not limitation, an Update may take place by means of an on-line download of a Robust Licensed Component or the distribution of CD-ROM containing a Robust Licensed Component to end-users. For clarification, a “Distributed SAFIA Adopter Product” and “Update” with respect thereto may be distributed at the same or different times.

## 2. LICENSES GRANTED.

- 2.1 **License to Use SAFIA.** Subject to the terms and conditions of this Agreement, SAFIA Agent hereby grants to Content Participant (including, for avoidance of doubt, its Affiliates), and Content Participant accepts from SAFIA Agent, a nonexclusive, nontransferable (except pursuant to Section 11.3), nonsublicenseable, worldwide sublicense under the Necessary Claims of the Founders, as well as under any trade secrets or copyrights of the Founders and SAFIA Agent embodied in the Specification, to use SAFIA, and to cause SAFIA to be used, to protect Commercial Audiovisual Content in connection with the distribution, storage, and transmission of such Commercial Audiovisual Content in accordance with the Compliance Rules (Exhibit F hereto), provided that (a) such license shall not extend to features of a product which are not required to comply with the Specification, and (b) such license shall not extend to Content Participant if Content Participant is in violation of Section 2.2. SAFIA Agent represents and warrants that it has received a license from the Founders authorizing SAFIA Agent to grant the sublicense to Content Participant as is granted under this Agreement, and that such license shall remain in effect during the term of this Agreement.
- 2.2 **Reciprocal Non-Assertion Covenant.** Content Participant hereby covenants that it shall not, and shall cause each of its Affiliates not to, assert against SAFIA Agent, any Fellow Content Participant or Affiliate thereof, or any SAFIA Adopter or Affiliate thereof, any claim of infringement under its Necessary Claims or of any copyrights embodied in the Specification, or any claim of misappropriation of any trade secret embodied in the Specification, with respect to (i) in the case of SAFIA Adopters, the making, having made, use, import, offering to sell and sale of Licensed Products or Licensed Components, (ii) in the case of Fellow Content Participants, the using, or causing the use, of SAFIA to protect Commercial Entertainment Content and to produce Licensed Content Products, and (iii) with respect to Founders and SAFIA Agent, the licensing and use of SAFIA, provided that in each case, such covenant shall not extend to any entity that is asserting, or whose Affiliate is asserting, a Necessary Claim against Content Participant if (x) Content Participant is not willfully in material breach of this Agreement or (y) is not otherwise in material breach of this Agreement, which breach has not been cured or is not capable of cure within thirty (30) days of Content Participant's receipt of notice thereof.
- 2.3 **Scope of Use.** Without limiting any other term or condition hereunder, the license granted to Content Participant under Section 2.1 shall only extend to distribution or transmission of Commercial Audiovisual Content. No license is granted, express or implied, and no promises of non-assertion extended or accepted pursuant to Sections 2.2, for (a) aspects of any technology, standard or product that is not itself part of the Specification (including, by way of example, DTCP, CPRM, IEEE 1394, and analog copy protection systems) even though such technology, standard or product may be otherwise mentioned or required by the Specification or Compliance Rules or Robustness Rules or (b) implementation of any portion of the Specification other than for enabling the implementation of SAFIA in Licensed Products. For the avoidance of doubt, neither the licenses granted under Section 2.1 nor the non-assertion covenants under Section 2.2 extend to any Commercial Entertainment Content contained in a Licensed Content Product.
- 2.4 **Affiliates.** 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.
- 2.5 **Proper Use.** This Agreement authorizes Content Participant to use SAFIA, the Specifications, Confidential Information and/or Highly Confidential Information (collectively, the "Licensed Materials") only in accordance with the terms of this Agreement, and Content Participant 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.

2.6 **Representation and Warranty of Compliance with Consumer Notice Requirements.** Content Participant hereby acknowledges that the Founders and the SAFIA Agent license the SAFIA technology to SAFIA Adopters, Fellow 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. Content Participant shall, for the term of this Agreement, or for so long as Content Participant is permitted to introduce Licensed Content 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 Content Participant's Licensed Content Products because of the implementation of SAFIA in such products, provided that Content Participant makes no representation or warranty with regard to such requirements in connection with online transactions.

### 3. ADDITIONAL RIGHTS GRANTED TO CONTENT PARTICIPANT.

- 3.1 **Content Participant User Group.** Without limiting the provisions of Section 3.7 addressing material changes in protection or rights, Content Participant shall have the right to participate in a user group consisting of all Fellow Content Participants that choose to become a member of such group (the "Content Participant User Group"). In the event that Content Participant elects to become a member of the Content Participant User Group, it shall so notify SAFIA Agent upon such election. Content Participant may, by notice to SAFIA Agent, change its status as a member or non-member of the Content Participant User Group. Upon request of the Founders or the Content Participant User Group, SAFIA Agent shall undertake to have the Founders meet with, and take into account the views expressed by, the Content Participant User Group with respect to (a) the Compliance Rules as of the Effective Date, (b) any future technical or other amendments thereto, and (c) such other matters relating to SAFIA as SAFIA Agent and the members of the Content Participant User Group may agree to discuss.
- 3.2 **Additional Rights for Eligible Content Participants.** At any time during the term of this Agreement, Content Participant shall be deemed an "Eligible Content Participant" and, as such, shall be entitled to the additional rights set out in Sections 3.3, 3.4, 3.5 and 3.7, if Content Participant (a) causes or permits distribution or transmission of its Digital Audiovisual Content in commercial quantities, or via mass distribution channels, including but not limited to satellite or cable transmission in countries in which devices using SAFIA are marketed by SAFIA Adopters ("Eligible Content") and (b) at such time (i) is not willfully in material breach of any term or condition of this Agreement, and (ii) is not otherwise in material breach of any term or condition of this Agreement, which breach has not been cured, or is not capable of cure, within thirty (30) days of Content Participant's receipt of notice thereof by SAFIA Agent or any SAFIA Adopter.
- 3.3 **Right to Seek Revocation.** For so long as Content Participant is an Eligible Content Participant, it shall have the right to seek Revocation of a Device Class Certificate pursuant to the terms of Section 5.
- 3.4 **Content Participant Third-Party-Beneficiary Rights.** For so long as Content Participant is an Eligible Content Participant, it shall be a third-party beneficiary of each SAFIA Adopter Agreement (Content Participant, together with any one (or more) other Fellow Content Participant(s) that is (or are) Eligible Content Participant(s) under its (or their) respective Content Participant Agreement(s), "Content Participant Beneficiaries"), and, as such, shall be entitled to bring a claim or action to enforce such rights against a SAFIA Adopter as are specified in such SAFIA Adopter's SAFIA Adopter Agreement (such claim or action, together with any third-party-beneficiary claim brought by any other Content Participant Beneficiary, a "Content Participant Beneficiary Claim"), and to have such remedies as are set forth in such SAFIA Adopter Agreement in accordance with the procedures set forth in Exhibit A, with respect to such SAFIA Adopter's implementation of SAFIA in any product that is capable of receiving or transmitting data in a format in which Content Participant has made Eligible Content available. Exercise of Content Participant's third-party-beneficiary rights under any SAFIA Adopter Agreement shall not constitute an election against any statutory or other extra-

contractual remedy or other relief against a SAFIA Adopter which may be available to Content Participant for the same act which gave rise to the Content Participant Beneficiary Claim.

**3.5 Enforcement Actions.** For so long as Content Participant is an Eligible Content Participant, (i) it shall have the right to communicate with SAFIA Agent with respect to the status of enforcement actions that are brought by SAFIA Agent to enforce a SAFIA Adopter's compliance with its SAFIA Adopter Agreement and that may reasonably implicate Content Participant's Eligible Content and (ii) SAFIA Agent shall respond to inquiries from Content Participant with respect to such enforcement actions, subject to any confidentiality obligations that may apply under any SAFIA Adopter Agreement.

**3.6 Documents Relating to SAFIA.**

**3.6.1 Effective Documents.** SAFIA Agent represents that, as of the Effective Date, the following documents are the only documents establishing the rights and obligations of SAFIA Adopters with respect to SAFIA:

- SAFIA Adopter Agreements, including their attachments and documents incorporated therein by reference, including the "Procedural Appendix", "Confidentiality Agreement", Compliance Rules and "Activation Notice"
- The Specification

SAFIA Agent further represents that all SAFIA Adopter Agreements entered into after the Effective Date shall be substantially in the form of the Form SAFIA Adopter Agreement, provided, however, that such Form SAFIA Adopter Agreement may be amended from time to time in accordance with Section 3.7.

**3.6.2 Consistency with Form SAFIA Adopter Agreement.** SAFIA Agent further represents that (i) the SAFIA Adopter Agreements in effect as of the Effective Date (the "Effective SAFIA Adopter Agreements"), together with all other documents described in Section 3.6 in effect as of the Effective Date (collectively, the "Operative Protection Agreements"), are consistent in all material respects affecting the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output or copying, or the rights (including, for avoidance of doubt, third-party beneficiary rights) of Content Participant with respect to SAFIA, with the version of the SAFIA Specification License Agreement that is attached hereto as Exhibit D and (ii) there are no oral or written amendments or understandings with any SAFIA Adopter varying or modifying such Effective SAFIA Adopter Agreements or other Operative Protection Agreements, other than the Operative Protection Agreements with respect to such integrity, security or operation. For the avoidance of doubt, nothing in this Section 3.6.2 or elsewhere in this Agreement shall be construed as imposing on Content Participant any acceptance of, or agreement with respect to, liquidated damages except as provided in Exhibit E. Content Participant may review the Operative Protection Agreements upon reasonable notice to SAFIA Agent, provided, however, that Content Participant may only review the Specification if it has entered into a non-disclosure agreement with SAFIA Agent.

**3.7 Material Changes in Protection or Rights.** Founders may make changes to the Operative Protection Agreements or the Form SAFIA Adopter Agreement, or issue, execute or amend such other documents or sections of documents with respect to SAFIA as are described in Section 3.7(a), only in accordance with the following provisions:

- (a) SAFIA Agent shall provide reasonable advance written notice to Content Participant and to all members of the Content Participant User Group of, and identify with specificity, (1) any proposed change, addition or supplement to Sections 1 (Definitions), 3 (Specification; Compliance Rules; Robustness Rules), 4 (Revocation), 5 (Licenses), 6 (Distribution of Products), 7 (Confidentiality), 8 (Term/Termination) and 10 (Remedies) and 11.7 (Governing Law) of any Effective SAFIA Adopter Agreement, of the Form SAFIA Adopter Agreement or of



any copy of the Form SAFIA Adopter Agreement entered into by a SAFIA Adopter after the date of this Agreement, and to the Compliance Rules of any Effective SAFIA Adopter Agreement or of the Form SAFIA Adopter Agreement; (2) any change to any other Operative Protection Agreements (other than the Specification) that would affect the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output or copying, or the rights of Content Participant with respect to SAFIA; (3) the proposed issuance, execution or amendment by SAFIA Agent of any other document that would affect the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output or copying, or the rights of Content Participant with respect to SAFIA; (4) the identification or approval by SAFIA Agent of any methods for copying Copy One Generation SAFIA AV Stream (as such terms are defined in the Compliance Rules) pursuant to Section 3.2, Part 1 of Exhibit B to the Form SAFIA Adopter Agreement or comparable provisions of any SAFIA Adopter Agreement; (5) any notice to any SAFIA Adopter that such SAFIA Adopter may have longer than eighteen (18) months to comply with a change to the Compliance Rules; and (6) any change to the Specification affecting Commercial Audiovisual Content, provided, however, that (x) SAFIA Agent's advance written notice with respect to any such change to the Specification shall be sent to Content Participant only if Content Participant has executed and delivered to SAFIA Agent a non-disclosure agreement relating to Highly Confidential Information in the form of Exhibit E (the "Highly Confidential NDA") and (y) changes to the Specification that may be necessary to map the Specification, with respect to Commercial Audiovisual Content, onto other digital interfaces to connect a Licensed Product to a SAFIA Storage Device shall not be regarded as "material" or "adverse" for purposes of, or otherwise subject to, this Section 3.7, provided that the mapping of SAFIA to any such interface will result in the same level of protection and security with respect to the use of SAFIA on such interface as is provided with respect to the use of SAFIA on the Serial ATA interface; provided, further that SAFIA works with any device in a mobile network in a manner analogous to SAFIA-enabled devices over "home and personal networks." For purposes of this Agreement, each of the items as to which Content Participant is to receive advance written notice as described in clauses (1) to (6), hereof, inclusive, is a "SAFIA Proposed Action."

- (b) Changes to map the Specification onto buses that are intended for use outside of home and personal networks (e.g., Ethernet) shall be subject to the terms of this Section 3.7 and shall be deemed to be "material" for purposes of this Section 3.7, and SAFIA Agent shall bear the burden in any arbitration initiated pursuant to Section 3.7(f) of proving, by a preponderance of the evidence, that the proposed change is not "adverse." Identification and approval by SAFIA Agent of any methods for copying Copy One Generation and EPN labeled SAFIA AV Stream pursuant to Sections 3.2, Part 1 of Exhibit B to the Form SAFIA Adopter Agreement or comparable provisions of any SAFIA Adopter Agreement shall be deemed to be "material" for purposes of this Section 3.7, and SAFIA Agent shall bear the burden in any arbitration initiated pursuant to Section 3.7(f) of proving, by a preponderance of the evidence, that the proposed method affords a level of protection comparable to SAFIA itself with respect to protecting Commercial Audiovisual Content from unauthorized output, transmission, interception or copying. If SAFIA Agent carries its burden, as described in each of the preceding two sentences, then such proposed change or proposed method shall be deemed to be not "adverse." SAFIA Agent shall, during the second calendar quarter of each year, make available to Content Participant any changes to the Form SAFIA Adopter Agreement not otherwise noticed pursuant to this Section 3.7. If Content Participant objects to any of such changes, SAFIA Agent will disclose to Content Participant, upon request, any similar changes that were made to SAFIA Adopter Agreements.
- (c) Except as otherwise expressly provided in this Section 3.7, for so long as Content Participant is an Eligible Content Participant, it shall have the right, either on its own or with one or more Fellow Content Participants that are each an Eligible Content Participant under its Content

Participant Agreement, to file a written objection to any SAFIA Proposed Action that it believes would have a material and adverse effect on the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to SAFIA. Any such objection shall set forth with specificity the alleged material and adverse effects on the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participant with respect to SAFIA, and shall be delivered to SAFIA Agent no later than fifteen (15) business days after the date of service of notice by SAFIA Agent pursuant to Section 3.7(a) at the address specified in the notice provisions of this Agreement.

- (d) SAFIA Agent shall promptly forward to Founders any such objection given pursuant to Section 3.7(c). Founders agree to consider such objection in good faith. If Founders reject such objection, they shall provide prompt written notice thereof to Content Participant and any Fellow Content Participants that filed a written objection explaining, with specificity, the reasons for such rejection and why the action would not be material or have an adverse effect, including the benefits that would be afforded by the SAFIA Proposed Action. Absent delivery to SAFIA Agent of written objection from one or more Fellow Content Participants pursuant to Section 3.7(c), Founders may take the applicable SAFIA Proposed Action.
- (e) In the event SAFIA Agent has served such notice to Content Participant by (x) mail postmarked in the same country as the country in which Content Participant is to receive notices, three (3) days shall be added to the prescribed period for filing an objection, (y) mail postmarked in a country other than the country in which Content Participant is to receive notices, fifteen (15) days shall be added to the prescribed period for filing an objection.
- (f) If (x) Content Participant is a Major Content Participant and has objected to a SAFIA Proposed Action pursuant to Section 3.7(c), (y) Content Participant is joined by other Fellow Content Participants that are Major Content Participants and also are Eligible Content Participants under each of their Content Participant Agreements, which, together with Content Participant, constitute a majority of such members, and (z) such majority continues to object to the SAFIA Proposed Action notwithstanding communication with SAFIA Agent pursuant to this Section 3.7, then Content Participant and such Fellow Content Participants (the "Arbitrating Content Participants") shall have the right, within thirty (30) days from receipt of SAFIA Agent's rejection of such objection pursuant to Section 3.7(d), to initiate an arbitration in accordance with the provisions of this Section 3.7(f).
  - (i) In such arbitration, except as provided in Section 3.7(b) the Arbitrating Content Participants shall have the burden of demonstrating, based on the preponderance of evidence, that the SAFIA Proposed Action is material and adversely affects the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of the Arbitrating Content Participants with respect to SAFIA (for purposes of this Section 3.7(f), "material and adverse"). Changes that only insignificantly diminish the integrity, security or operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to SAFIA, shall not be deemed "material" or "adverse." Notwithstanding the above, the arbitrator(s) may, in his, her or their discretion take into consideration the cumulative effect of multiple related changes made within the then-preceding two (2)-year period that are not material and adverse when considered in isolation, provided that in any such consideration the arbitrator(s) afford(s) countervailing weight to any changes made within the then-preceding two (2)-year period, whether related or not, that have had or, when implemented, will have a beneficial effect on the integrity or security of SAFIA or the operation of SAFIA with respect to protecting Commercial Audiovisual Content

from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to SAFIA.

(ii) Where the Arbitrating Content Participants have the burden of demonstrating that the SAFIA Proposed Action is material and adverse, if they have carried such burden, then SAFIA Agent may not take the SAFIA Proposed Action unless SAFIA Agent demonstrates, based on the preponderance of evidence, that the SAFIA Proposed Action provides a material legal benefit in the form of avoidance of a reasonably-perceived potential legal liability to SAFIA Agent, Founders or SAFIA Adopters which cannot practicably be achieved except by taking the SAFIA Proposed Action.

(iii) There shall be a sole arbitrator, who shall be selected by SAFIA Agent and the Arbitrating Content Participants (collectively, the "Arbitrating Parties") from the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, SAFIA Agent, on the one hand, and the Arbitrating Content Participants, on the other, shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two (2) arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(iv) The Arbitrating Content Participants, on the one hand, and SAFIA Agent, on the other, shall, during the course of the arbitration, share equally the costs of arbitration set forth in Section 3.7(f)(vi)(F), provided, however, that the arbitrator(s) shall award the prevailing party or parties all of its or their costs and expenses, other than attorneys' fees and expenses. In addition, if the arbitrator(s) find(s) that either SAFIA Agent or the Arbitrating Content Participants has or have advanced its or their position in bad faith or frivolously, he, she or they shall order such party or parties to reimburse the other party or parties for its or their reasonable attorneys' fees and expenses.

(v) The arbitrator(s) is (are) empowered solely to determine (1) whether (A) except as provided in Section 3.7(b), the Arbitrating Content Participants have carried their burden of demonstrating that a SAFIA Proposed Action is material and adverse or (B) in the event of a proposed change or a proposed method, as described in Section 3.7(b), whether SAFIA Agent has carried its burden as set forth in Section 3.7(b), and (2) in the case of the circumstances described in either (A) or (B), whether or not SAFIA Agent may take a particular SAFIA Proposed Action.

(vi) The arbitration specified in this Section 3.7(f) shall be conducted in accordance with the following provisions:

(A) The arbitration shall be conducted in Los Angeles, California, in accordance with the International Arbitration Rules of the American Arbitration Association. The language of the arbitration shall be English.

(B) The arbitrator(s) may conduct the arbitration in such manner as he, she or they shall deem appropriate, including the imposition of time limits that he, she or they consider(s) 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(s) shall set a schedule to endeavor to complete the arbitration within one (1) month.

(C) The arbitrator(s) shall permit and facilitate such limited discovery as he, she or they shall determine is reasonably necessary, taking into account the needs of the Arbitrating Parties and the desirability of making discovery as expeditious and cost-effective as

possible, recognizing the need to discover relevant information and that only one party may have such information.

(D) The Arbitrating Parties and the arbitrator(s) shall treat the arbitration proceedings, any related discovery, documents and other evidence submitted to, and the decision of, the arbitrator(s) as Confidential Information. In addition, and as necessary, the arbitrator(s) may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery or otherwise during the arbitration.

(E) Any decision by the arbitrator(s) shall be final and binding on the Arbitrating Parties, except that whether the arbitrator(s) exceeded his, her or their authority, as specifically described in this Agreement, shall be fully reviewable by a court of competent jurisdiction. Judgment upon any award shall be entered in a court of competent jurisdiction.

(F) The arbitrator(s) shall be compensated at his, her or their hourly rates, 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(s) shall determine all costs of the arbitration, including the arbitrator(s)' fees and expenses, the costs of expert advice and other assistance engaged by the arbitrator(s), the cost of a transcript and the costs of meeting and hearing facilities.

- (g) If (i) no arbitration has been initiated with respect to the SAFIA Proposed Action pursuant to Section 3.7(f); (ii) the arbitrator(s) determine(s) that the Arbitrating Content Participants have not carried their burden of demonstrating that the SAFIA Proposed Action is material and adverse or (iii) the arbitrator(s) determine(s) that SAFIA Agent, in the event of a proposed change or a proposed method described in Section 3.7(b), carried its burden as set forth in Section 3.7(b), then SAFIA Agent may take the SAFIA Proposed Action, and such action may be effective, according to its terms, thirty (30) days after receipt of SAFIA Agent's rejection pursuant to Section 3.7(c) or such final determination of the arbitrator(s). In the event that the inability to take the SAFIA Proposed Action exposes SAFIA Agent or Founders to potential legal liabilities based on a claim of infringement which cannot practically be avoided except by taking the SAFIA Proposed Action, and the Arbitrating Content Participants nonetheless continue to object to the SAFIA Proposed Action, SAFIA Agent and the Arbitrating Content Participants shall discuss in good faith whether and in what circumstances SAFIA Agent can continue to license SAFIA, taking into account considerations, including but not limited to (x) Arbitrating Content Participants' and other content owners' willingness and ability to indemnify SAFIA Agent, the Founders and their respective Affiliates with respect to such claim, (y) other costs and liabilities to SAFIA Agent or Founders, and (z) possible conversion of any licenses relating to SAFIA to covenants not to assert intellectual property claims. If, after such discussions, the Arbitrating Content Participants and SAFIA Agent are unable to agree on the circumstances in which SAFIA Agent would be willing to continue to license SAFIA, SAFIA Agent may terminate this Agreement and any other license agreement relating to SAFIA.

**3.8 Changes sought by Content Participants.** Any Major Content Participant shall be entitled to request changes to the Form SAFIA Adopter Agreement or the Specification by presenting a written proposal to SAFIA Agent setting forth the specific amendment sought. SAFIA Agent shall distribute such proposal to the Founders and to all Content Participants. Any such proposal supported by a majority of Content Participants shall be considered in good faith by the Founders.

**3.9 Consensus Watermark Designation.**

- (a) SAFIA Agent shall designate as the Consensus Watermark, as that term is used in the Form SAFIA Adopter Agreement, such watermark system that is approved by SAFIA Agent pursuant to this Section 3.9. In the event that DVD Copy Control Association, Inc. ("DVD CCA") selects a watermark for playback control purposes, or 4C Entity L.L.C. ("4C Entity") selects a watermark for copy control purposes, or Advanced Access Content System Licensing Administrator LLC ("AACS") gives Notice to its licensees of the Primary Sunrise

- Date with respect to the Audio Watermark as those terms are defined in the AACS Content Participant Agreement in existence as of the date of this Agreement (each such watermark, a "Proposed Watermark"), and such entity notifies SAFIA Agent of such selection and includes in such notice technical information sufficient to demonstrate that the Proposed Watermark will not interfere with SAFIA or the operation of any Licensed Products (the "Non-Interference Standard"), SAFIA Agent shall, within thirty (30) days of receiving such notice, notify all member companies of the MPAA that SAFIA Agent is considering evaluating the suitability of the Proposed Watermark as the Consensus Watermark and that SAFIA Agent seeks written responses from each such member, within fifteen (15) business days of the date of such notice from SAFIA Agent (the "Watermark Notice Period"), informing SAFIA Agent whether such member supports or objects to such designation by SAFIA Agent. In the event that SAFIA Agent (i) receives any written objection from any such member within the Watermark Notice Period with respect to such designation and (ii) does not receive at least three (3) notices from such members within the Watermark Notice Period supporting such designation, SAFIA Agent shall have no obligation to evaluate the Proposed Watermark or to designate the Proposed Watermark as the Consensus Watermark, and Content Participant shall have no right to object to SAFIA Agent's declining (x) to conduct such an evaluation or (y) to designate the Proposed Watermark as the Consensus Watermark.
- (b) In the event that SAFIA Agent (i) does not receive within the Watermark Notice Period any such written objection with respect to such designation from any member of the MPAA to whom SAFIA Agent sent a notice pursuant to Section 3.9(a) or (ii) receives at least three (3) written notices from such members within the Watermark Notice Period supporting such designation, it shall evaluate such watermark system to determine whether the Proposed Watermark meets the Non-Interference Standard. In the event that SAFIA Agent conducts such an evaluation and determines that the Proposed Watermark meets the Non-Interference Standard, it shall designate the Proposed Watermark as the Consensus Watermark. In the event that SAFIA Agent conducts such an evaluation and determines that the Proposed Watermark does not meet the Non-Interference Standard, it may decline to designate the Proposed Watermark as the Consensus Watermark. SAFIA Agent shall notify Content Participant of whether it will designate, or decline to designate, the Proposed Watermark as the Consensus Watermark (x) in the case that DVD CCA or 4C Entity or AACS selects one of the Presently Known Watermark Technologies as the Proposed Watermark, within thirty (30) days after the conclusion of the Watermark Notice Period or (y) in the case that DVD CCA or 4C Entity or AACS selects as the Proposed Watermark any watermark technology other than a Presently Known Watermark Technology, including but not limited to any upgrade to a Presently Known Watermark Technology, ninety (90) days after the conclusion of the Watermark Notice Period.
- (c) In the event that SAFIA Agent is obligated to conduct an evaluation of the Consensus Watermark pursuant to Section 3.9(b) and notifies Content Participant, pursuant to Section 3.9(b), that it declines to designate the Proposed Watermark as the Consensus Watermark, then for so long as Content Participant is an Eligible Content Participant and believes in good faith that the Proposed Watermark meets the Non-Interference Standard, it shall have the right, either on its own or with one or more Fellow Content Participants that are each an Eligible Content Participant under its Content Participant Agreement, to file a written objection to SAFIA Agent's decision not to designate the Proposed Watermark as the Consensus Watermark. Any such objection shall set forth with specificity the basis for such good faith belief by Content Participant that the Proposed Watermark meets the Non-Interference Standard and shall be delivered to SAFIA Agent no later than fifteen (15) business days after the date of service of notice by SAFIA Agent pursuant to Section 3.9(b) at the address specified in the notice provisions of this Agreement. In the event SAFIA Agent has served such notice to Content Participant by mail, three (3) days shall be added to the prescribed period for filing an objection. SAFIA Agent agrees to consider any such objection in good faith. If Founders reject such objection, it shall provide prompt written notice thereof to Content

Participant and any Fellow Content Participants that filed a written objection explaining the reasons for such rejection.

- (d) If (i) Content Participant is a Major Content Participant and has filed a written objection pursuant to Section 3.9(c), (ii) Content Participant is joined by other Fellow Content Participants that are Major Content Participants and also are Eligible Content Participants under each of their Content Participant Agreements, which, together with Content Participant, constitute a majority of such Major Content Participants that are also Eligible Content Participants, and (iii) such majority continues to believe in good faith that the Proposed Watermark meets the Non-Interference Standard, notwithstanding communication with SAFIA Agent pursuant to Section 3.9(c), then Content Participant and such Fellow Content Participants shall have the right, within thirty (30) days from receipt of SAFIA Agent's rejection of such objection pursuant to Section 3.9(c) to initiate an arbitration to determine whether the Proposed Watermark meets the Non-Interference Standard. In any such arbitration, SAFIA Agent shall have the burden of demonstrating, by a preponderance of the evidence, that the Proposed Watermark does not meet the Non-Interference Standard. Such arbitration shall be subject to the terms and conditions set forth in Sections 3.7(f) (iii)-(iv) and (vi) (except that "Arbitrating Content Participants" shall mean Content Participant and such Fellow Content Participants that initiate an arbitration pursuant to this Section 3.9(d)). The arbitrator(s) shall be empowered solely to determine whether SAFIA Agent has carried its burden of demonstrating that the Proposed Watermark does not meet the Non-Interference Standard. In the event that the arbitrator(s) determine(s) that SAFIA Agent has not carried such burden, SAFIA Agent shall designate the Proposed Watermark as the Consensus Watermark. If the arbitrator(s) determine(s) that SAFIA Agent has carried such burden, SAFIA Agent shall have no obligation to designate the Proposed Watermark as the Consensus Watermark.
- (e) Except where SAFIA Agent is required to designate the Proposed Watermark as the Consensus Watermark pursuant to Section 3.9(d), any designation by SAFIA Agent of the Consensus Watermark shall be subject to all of the terms and conditions of Section 3.7.
- (f) Notwithstanding anything in this Section 3.9 to the contrary, if during the two (2)-year period immediately preceding the fourth anniversary of the date of SAFIA Agent's designation of the Consensus Watermark, the Consensus Watermark has not been implemented by Major Content Participants in more than thirty-three percent (33%) of DVD or Blu-ray discs of new theatrical motion pictures produced for DVD or Blu-ray discs release by such Major Content Participants in the United States of America and Canada during such period, SAFIA Agent may, upon six (6) months' notice to Content Participant, amend Section 6.2 of Part 1 of Exhibit B to the Form SAFIA Adopter Agreement and the comparable provisions of any SAFIA Adopter Agreement, and rescind such designation of the Consensus Watermark. Any such amendments and rescissions shall not be subject to the provisions of Section 3.7.

**3.10 New Circumstances.** The Parties acknowledge that the Robustness Rules impose certain obligation on SAFIA Adopters in the event of New Circumstances (as defined in the Robustness Rules). Content Participant may notify SAFIA Agent of information regarding any circumstances that Content Participant believes in good faith constitute New Circumstances with respect to one or more SAFIA Adopters, and SAFIA Agent shall make such information available to the relevant SAFIA Adopters.

#### **4. ADMINISTRATION FEES.**

**4.1 Administration Fee.** Within thirty (30) days of the Effective Date and of each anniversary of the Effective Date, Content Participant shall pay SAFIA Agent a nonrefundable sum in the amount set out in Exhibit B (the "Administration Fee"). As of the first anniversary of the Effective Date, and on an annual basis thereafter, SAFIA Agent shall have the right, upon at least thirty (30) days' notice to Content Participant, to adjust the Administration Fee on a reasonable and nondiscriminatory basis, provided that any increase in such fee shall not exceed an amount commensurate with any increase

in SAFIA Agent's costs (including but not limited to the cost of inflation). Unless Content Participant shall have exercised its right to terminate this Agreement pursuant to Section 7.1.1, Content Participant shall pay such Administration Fee. Content Participant shall not be entitled to any refund of Administration Fees for any reason.

## 5. REVOCATION.

- 5.1 **Generally.** The Specification includes means by which the Device Class Certificates of certain devices may be invalidated, rendering such devices with invalidated Device Class Certificates unable to exchange data via SAFIA with Licensed Products (generally, "Revocation" or "Revoked").
- 5.2 **Obligation to Carry Revocation Information.** SAFIA Agent shall notify Content Participant in the event that Founders plan to Revoke or rescind a Revocation of a Device Class Certificate and deliver or cause to be delivered to Content Participant Revocation Information for use in connection with such Revocation or rescission of Revocation. Content Participant shall make commercially reasonable efforts to include Revocation Information in its distributed, transmitted or delivered Commercial Audiovisual Content that is distributed, transmitted or delivered more than thirty (30) days after receiving such notice from SAFIA Agent, provided that in no case shall Content Participant be required to (a) remaster any of Content Participant's Commercial Audiovisual Content, or (b) include Revocation Information in previously manufactured copies of Content Participant's Commercial Audiovisual Content. Nothing herein shall require Content Participant to impose any such obligation to carry Revocation Information on its licensees.
- 5.3 **Information Relating to Revocation.** If either SAFIA Agent or senior officials of Founders that have responsibility for SAFIA Agent's activities or SAFIA have knowledge of facts or other information relating to any particular Device Class Certificate or Device Proper Key that would satisfy one or more of the Revocation Criteria, SAFIA Agent shall, consistent with the necessity to maintain the confidentiality of such facts or other information, inform Content Participant of such facts or other information. Content Participant may seek Revocation in accordance with Section 5.4.
- 5.4 **Content Participant Request for Revocation.**
- (a) For so long as Content Participant is an Eligible Content Participant, it shall have the right, either on its own or with one or more Fellow Content Participants in which each member of such group is an Eligible Content Participant under its respective Content Participant Agreement (including the Content Participant User Group), to seek Revocation by providing proof to SAFIA Agent in a sworn affidavit (the "CP Affidavit") of any of the facts relating to any particular Device Class Certificate that would satisfy one or more of the Revocation Criteria and to initiate an arbitration proceeding (Content Participant and such other Fellow Content Participants, if any, that initiate such arbitration, for the purposes of this Section 5.4, the "Arbitrating Content Participants"), in accordance with Section 3.7(f)(vi) (except that the terms "Arbitrating Content Participants" and "Arbitrating Parties" shall have the meanings given in this Section 5.4(a) and this Section 5.4(a)), provided, however, Content Participant may not initiate an arbitration to seek Revocation of the same Device Class Certificate based on the same set of facts at issue in any prior arbitration initiated by a Fellow Content Participant. The CP Affidavit shall be sufficiently detailed that SAFIA Agent can determine, solely on the basis of such affidavit whether the facts averred satisfy one or more of the Revocation Criteria:
- (i) Upon receipt of the CP Affidavit, SAFIA Agent shall review it in light of the Revocation Criteria and, promptly determine whether the facts averred in the CP Affidavit satisfy one or more of the Revocation Criteria.
- (ii) SAFIA Agent shall promptly provide any SAFIA Adopter to whom SAFIA Agent or its designee had issued a Device Class Certificate for which Revocation has been requested by Content Participant with notice of such requested Revocation and a copy of the CP Affidavit.

If such SAFIA Adopter notifies SAFIA Agent in writing that such SAFIA Adopter consents to such Revocation, Founders shall take steps to Revoke the applicable Device Class Certificate by promptly delivering or causing to be delivered to Content Participant relevant Revocation Information.

(iii) If the SAFIA Adopter objects to the Revocation, or does not consent to such Revocation, within fifteen (15) days of receipt of SAFIA Agent's notice pursuant to Section 5.4(a)(ii), SAFIA Agent shall so notify Content Participant. Content Participant may initiate an arbitration proceeding to resolve the matter, in accordance with the following procedures, within thirty (30) days after receipt of such notice from SAFIA Agent.

(iv) The parties to the arbitration shall be the Arbitrating Content Participants, the affected SAFIA Adopter(s), if any, that objected to the Revocation pursuant to Section 5.4(a)(iii) and/or any designee(s) that such SAFIA Adopter(s) may designate (such SAFIA Adopters and designees, collectively, the "Affected SAFIA Adopters") and/or, at its election, SAFIA Agent (collectively, the "Arbitrating Parties"). The Arbitrating Content Participants shall bear the burden of proof in demonstrating, by a preponderance of the evidence, that one or more of the Revocation Criteria have been satisfied.

(v) There shall be a sole arbitrator, who shall be selected by the Arbitrating Parties from the National Panel of Commercial Arbitrators of the American Arbitration Association within fourteen (14) days of the initiation of arbitration; provided, however, that in the event the Arbitrating Parties cannot agree on a sole arbitrator within such fourteen (14)-day period, the Arbitrating Content Participants, on the one hand, and the other Arbitrating Parties, on the other hand, shall each, promptly thereafter, select one arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association and those two arbitrators shall jointly select a third arbitrator from the National Panel of Commercial Arbitrators of the American Arbitration Association, who shall serve as the presiding arbitrator and chairperson of such arbitration.

(vi) The arbitrator(s) is (are) empowered solely to determine (a) whether one or more of the Revocation Criteria have been satisfied and (b) if so, only in the circumstance set forth in clause (x) of this Section 5.4(a)(vi) whether Revocation is warranted. Any such determination by the arbitrator(s) shall be final and binding on the parties to the arbitration, and on SAFIA Agent, if it is not a party to the arbitration, except that whether the arbitrator(s) exceeded his her, or their, authority as specifically described in this Section 5.4(a)(vi), shall be fully reviewable by a court of competent jurisdiction. In any such arbitration, the Affected SAFIA Adopter(s), if any, may introduce evidence solely to support the position that one or more of the Revocation Criteria have not been satisfied. In the event that the Arbitrator(s) determine(s) that the Revocation Criteria set forth in Section 5.4(b)(ii) have been satisfied, (x) if SAFIA Agent is a party to the arbitration and objects to Revocation, it shall have the burden of demonstrating, by a preponderance of the evidence, that Revocation is not warranted, and if SAFIA Agent fails to meet such burden, Revocation shall be deemed warranted and (y) if SAFIA Agent is not a party to the arbitration, Revocation shall be deemed to be warranted. In the event that the arbitrator(s) determine(s) that the Revocation Criteria set forth in Section 5.4(b)(i) have been satisfied, Revocation shall be deemed warranted.

(vii) All costs and fees shall be shared equally as between the Arbitrating Content Participants, on the one hand, and the Affected SAFIA Adopters, if any, that participate in the arbitration, on the other, provided, however, the arbitrator(s) may otherwise apportion such costs and fees among such Arbitrating Content Participants and Affected SAFIA Adopters, if any, as the arbitrator(s) may determine.

(viii) The prevailing party in such arbitration shall provide to SAFIA Agent a copy of the arbitrator(s) decision. If, pursuant to this Section 5.4(a), Revocation is warranted, SAFIA



Agent shall, promptly after it receives such decision, deliver or cause to be delivered to Content Participant relevant Revocation Information.

- (b) In the event that Content Participant seeks Revocation (unilaterally or with one or more Fellow Content Participants) in accordance with Section 5.4(a), the objective Revocation criteria set out in either Section 5.4(b)(i) or Section 5.4(b)(ii) (the "Revocation Criteria") must be satisfied.

(i) (A) a Device Proper Key and corresponding Device Class Certificate (other than a Common Device Proper Key and Common Device Class Certificate) have been cloned such that the same Device Proper Key and corresponding Device Class Certificate are found in more than one device or product or (B) a Common Device Proper Key and corresponding Common Device Class Certificate are found in any product or component that is not manufactured by a SAFIA Adopter or is not authorized by the SAFIA Adopter that ordered such Common Device Proper Key and Common Device Class Certificate; or

(ii) a Device Class Certificate and/or Device Proper Key has been lost, stolen, intercepted or otherwise misdirected or made public or disclosed in violation of a SAFIA Adopter Agreement.

- 5.5 **Periodic Revocation of Common Device Class Certificates.** At any time commencing nine (9) years following the issuance to a SAFIA Adopter of a Common Device Certificate, such Common Device Certificate may be Revoked without notice.

## 6. CONFIDENTIALITY.

- 6.1 **Treatment.** Content Participant shall comply with the terms of Exhibit C (the "Confidentiality Agreement"). The materials marked "Confidential" shall be deemed Confidential Information under the Confidentiality Agreement, and the materials designated by SAFIA Agent as "Highly Confidential" shall be deemed Highly Confidential Information under the Highly Confidential NDA.
- 6.2 **Export.** Content Participant and SAFIA Agent shall comply with all applicable rules 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 the activities under this Agreement. Each Party agrees that commodities, software and technical data provided under this Agreement are subject to restrictions under the export control laws and regulations of the United States, Japan and other countries and jurisdictions, as applicable, including but not limited to the U.S. Export Administration Act and the U.S. Export Administration Regulations and the Japanese Foreign Exchange and Foreign Trade Law, as such may be amended from time to time, and shall obtain any approval required of such Party under such laws and regulations whenever it is necessary for such export or re-export.

## 7. TERM/TERMINATION.

- 7.1 **Termination.** This Agreement shall be effective upon the Effective Date and shall remain in effect until terminated in accordance with the terms of this Section 7.
- 7.1.1 **Termination by Content Participant.** Content Participant shall have the right to terminate this Agreement at any time on or after the first anniversary of the Effective Date upon ninety (90) days prior notice to SAFIA Agent, or at any earlier time upon reasonable notice to SAFIA Agent in the event a third-party claim is made that may subject Content Participant to legal liability in connection with SAFIA or this Agreement.
- 7.1.2 **Breach.** Either Party shall have the right to terminate this Agreement upon notice to the other Party in the event of a material breach by such other Party, which breach remains

uncured after, or is not capable of cure within, thirty (30) days of the non-breaching Party providing notice of such breach to the breaching Party.

- 7.2 **Effect of Termination.** Within thirty (30) days after termination of this Agreement, Content Participant shall, at the direction of SAFIA Agent, either: (i) return all Proprietary Information to SAFIA Agent; or (ii) destroy all Proprietary Information in its possession, retaining no copies thereof, and certify such destruction in writing to SAFIA Agent. In no event shall Content Participant have any liability, after the termination of this Agreement, for any effects, after such termination, of Content Participant having encoded, or directed to be encoded, using SAFIA, in accordance with the terms of this Agreement, its Commercial Audiovisual Content prior to such termination, including but not limited to in masters or other copies of such content made before such termination.
- 7.3 **Survival.** The terms of Sections 2.2, 6, 7.2, 8.4, 9, 10 (with respect to any claims arising prior to termination), 11, and this Section 7.3 shall survive any termination of this Agreement.

## 8. REPRESENTATIONS OF CONTENT PARTICIPANT AND SAFIA AGENT.

- 8.1 **Eligibility.** Content Participant represents that it is causing or permitting distribution or transmission, or that it intends to cause or permit distribution or transmission of, Commercial Audiovisual Content with the expectation that such Commercial Audiovisual Content will be transmitted or received by Licensed Products.
- 8.2 **Compliance With Laws.** Content Participant and SAFIA Agent each represent and warrant that they shall comply with all applicable governmental regulations, laws and orders pertaining to SAFIA, including but not limited to with respect to export requirements pursuant to Section 6.2.
- 8.3 **Controlled Entities.** Content Participant represents and warrants that it has, or will have, the authority to bind its Affiliates to the terms of this Agreement.
- 8.4 **Representations by SAFIA Agent and Founders.**
- (a) SAFIA Agent represents that as of \_\_\_\_\_ 2009, SAFIA Agent has not received any written notice or claim, threatened or pending, from a third party that the use of SAFIA in accordance with the terms of this Agreement infringes any third party's patent rights or that the licensing of SAFIA Agent's or any Founder's Necessary Claim would require the payment of royalties by SAFIA Agent or Founders to unaffiliated third parties.
  - (b) The Parties agree that in the event that a court of competent jurisdiction renders a final, non-appealable, judgment against SAFIA Agent for breach of the representations set forth in this Section 8.4, the liability of SAFIA Agent to Content Participant in connection with such breach shall in no event exceed the fees paid by Content Participant to SAFIA Agent hereunder in the immediately preceding two (2)-year period.

## 9. DISCLAIMER AND LIMITATION OF LIABILITY.

The terms of this Section 9 limit the ability of Content Participant to recover any damages from SAFIA Agent or the Founders in excess of fees actually paid to SAFIA Agent by Content Participant; provided that such limitation does not apply with respect to any third-party beneficiary claim brought by Content Participant against a Founder in its role as a SAFIA Adopter pursuant to such Founder's SAFIA Adopter Agreement. Such terms are an essential part of the bargain, without which SAFIA Agent would not be willing to enter into this Agreement.

- 9.1 **Disclaimer.** ALL INFORMATION, MATERIALS, REVOCATION INFORMATION, DEVICE KEYS AND DEVICE CERTIFICATES ARE PROVIDED "AS IS." SAFIA AGENT AND THE FOUNDERS 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, ANY ADOPTER AGREEMENT OR ANY OTHER ACTIVITY OF SAFIA AGENT OR THE FOUNDERS. WITHOUT LIMITING THE FOREGOING, SAFIA AGENT AND THE FOUNDERS DO NOT REPRESENT OR WARRANT THAT SAFIA WILL PROTECT COMMERCIAL AUDIOVISUAL CONTENT FROM UNAUTHORIZED INTERCEPTION OR COPYING OR THAT SAFIA IS IMMUNE TO HACKING, CODE-BREAKING, PIRACY OR OTHER EFFORTS TO CIRCUMVENT SUCH SYSTEM. SAFIA AGENT AND THE FOUNDERS FURTHER DISCLAIM ANY WARRANTY THAT ANY IMPLEMENTATION OF THE SPECIFICATION, IN WHOLE OR IN PART, WILL BE FREE FROM INFRINGEMENT OF ANY THIRD PARTY'S INTELLECTUAL PROPERTY OR PROPRIETARY RIGHTS.

- 9.2 **Limitation of Liability.** NEITHER SAFIA AGENT NOR THE FOUNDERS NOR ANY OF THEIR DIRECTORS, OFFICERS, EQUIVALENT CORPORATE OFFICIALS, MEMBERS, EMPLOYEES, AGENTS OR REPRESENTATIVES ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY, THE "AFFECTED PARTIES") SHALL BE LIABLE TO CONTENT PARTICIPANT FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, OR BASED ON ANY PERSON'S OR ENTITY'S USE OF, OR MAKING, USING, SELLING OR IMPORTING ANY PRODUCTS THAT IMPLEMENT, SAFIA, WHETHER UNDER THEORY OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY 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 CONTENT PARTICIPANT IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE ANNUAL ADMINISTRATION FEE PAID TO SAFIA AGENT BY CONTENT PARTICIPANT UNDER THIS AGREEMENT; PROVIDED THAT THE LIMITATION OF LIABILITY SET OUT IN THIS PARAGRAPH 9.2 DOES NOT APPLY WITH RESPECT TO ANY THIRD-PARTY BENEFICIARY CLAIM BROUGHT BY CONTENT PARTICIPANT AGAINST A FOUNDER IN ITS ROLE AS AN ADOPTER PURSUANT TO SUCH FOUNDER'S ADOPTER AGREEMENT.

## 10. REMEDIES.

- 10.1 **Equitable Relief.** Content Participant and SAFIA Agent agree and acknowledge that due to the unique nature of certain provisions hereof and the lasting effect of and harm from a breach of such provisions, if Content Participant breaches its obligations hereunder, money damages alone may not adequately compensate an injured party, and that injury to such party may be irreparable, and that specific performance or other temporary, preliminary, or permanent injunctive or equitable relief is an appropriate remedy to prevent further or threatened breaches of such obligations. SAFIA Agent's remedies hereunder for any breach by Content Participant of this Agreement shall be limited to such injunctive or equitable relief, except (i) in the event that Content Participant willfully breaches, or engages in a pattern or practice of breaching, its obligations hereunder, it shall be liable for SAFIA Agent's attorneys' fees and expenses incurred in connection with any enforcement action brought by SAFIA Agent in which SAFIA Agent is the prevailing party and (ii) as provided in Exhibit A. Exercise of SAFIA Agent's rights, or any SAFIA Adopter's third-party-beneficiary rights, under this Section 10.1 shall not constitute an election against any statutory or other extra-contractual remedy against Content Participant.

## 11. MISCELLANEOUS.

- 11.1 **Ownership.** All Proprietary Information and media containing Proprietary Information as provided by SAFIA Agent or its designee to Content Participant hereunder shall remain the property of SAFIA Agent, the Founders or their suppliers. Except as expressly provided herein, this Agreement does not give Content Participant any license or other right to the Proprietary Information.

- 11.2 **Entire Agreement.** This Agreement, including the Confidentiality Agreement and other exhibits hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all oral, written or other agreements, either entered prior to or contemporaneously with this Agreement. This Agreement may not be modified except by written agreement of both Parties.
- 11.3 **Assignment.** The rights and licenses granted hereunder are personal to Content Participant, and Content Participant may not assign or transfer this Agreement, or any of its rights or obligations hereunder, except (a) with the written approval of SAFIA Agent (which shall not unreasonably be withheld), (b) to an Affiliate directly controlling, controlled by or under common control with Content Participant or (c) to the purchaser of all or substantially all of the outstanding capital stock or assets and obligations of Content Participant or to the surviving entity in a merger, reorganization, or other business combination involving Content Participant where the surviving or acquiring company agrees in writing to be bound by this Agreement, provided that Content Participant shall use its good faith efforts to provide notice to SAFIA Agent of such assignment no later than thirty (30) days after such merger, reorganization or business combination. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of, and be binding upon, the Parties, their successors and permitted assigns. SAFIA Agent may assign or transfer this Agreement to any person or entity that agrees to assume SAFIA Agent's obligations hereunder, and SAFIA Agent shall provide Content Participant with notice thereof.
- 11.4 **Presumptions.** In construing the terms of this Agreement, no presumption shall operate in either Party's favor as a result of its counsel's role in drafting the terms or provisions hereof.

**11.5 Governing Law; Jurisdiction.**

**11.5.1 FOR CONTENT PARTICIPANTS RESIDING IN THE UNITED STATES OF AMERICA.**

- 11.5.1.1 THIS AGREEMENT SHALL BE CONSTRUED AND CONTROLLED BY THE LAWS OF THE UNITED STATES OF AMERICA AND THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE.
- 11.5.1.2 IN CONNECTION WITH ANY LITIGATION BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT, EACH PARTY HERETO IRREVOCABLY CONSENTS TO: (i) THE EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK AND IN LOS ANGELES COUNTY IN THE STATE OF CALIFORNIA; AND (ii) THE SERVICE OF PROCESS OF SAID COURTS IN ANY MATTER RELATING TO THIS AGREEMENT BY PERSONAL DELIVERY OR BY MAILING OF PROCESS BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE ADDRESSES SPECIFIED IN THIS AGREEMENT, OR TO THE AGENT TO BE APPOINTED PURSUANT TO SECTION 11.5.1.3.
- 11.5.1.3 EACH PARTY SHALL APPOINT AN AGENT IN THE STATES OF NEW YORK AND CALIFORNIA FOR ACCEPTANCE OF SERVICE OF PROCESS PROVIDED FOR UNDER THIS AGREEMENT AND SHALL NOTIFY THE OTHER PARTY OF THE IDENTITY AND ADDRESS OF SUCH AGENT WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE.
- 11.5.1.4 EACH PARTY WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING BUT NOT LIMITED TO A DEFAULT JUDGMENT) OF SUCH COURT

PERTAINING TO THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF THE STATE OF NEW YORK, THE STATE OF CALIFORNIA AND THE UNITED STATES.

**11.5.2 FOR CONTENT PARTICIPANTS RESIDING OTHER THAN IN THE UNITED STATES OF AMERICA.**

- 11.5.2.1 THIS AGREEMENT SHALL BE CONSTRUED AND CONTROLLED BY THE LAWS OF THE COUNTRY OF JAPAN UNDER THE LAWS APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH COUNTRY.
- 11.5.2.2 ANY LITIGATION ARISING OUT OF THIS AGREEMENT SHALL TAKE PLACE IN TOKYO, AND ALL PARTIES IRREVOCABLY CONSENT TO JURISDICTION OF THE TOKYO DISTRICT COURT. CONTENT PARTICIPANT SHALL APPOINT AN AGENT IN TOKYO FOR ACCEPTANCE OF SERVICE OF PROCESS PROVIDED FOR UNDER THIS AGREEMENT AND SHALL NOTIFY SAFIA AGENT OF THE IDENTITY AND ADDRESS OF SUCH AGENT WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE.
- 11.5.2.3 CONTENT PARTICIPANT WAIVES ANY OBJECTION TO THE JURISDICTION, PROCESS, AND VENUE OF ANY SUCH COURT, AND TO THE EFFECTIVENESS, EXECUTION, AND ENFORCEMENT OF ANY ORDER OR JUDGMENT (INCLUDING, BUT NOT LIMITED TO, A DEFAULT JUDGMENT) OF SUCH COURT PERTAINING TO THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE PLACE WHERE ENFORCEMENT OR EXECUTION OF ANY SUCH ORDER OR JUDGMENT MAY BE SOUGHT AND BY THE LAW OF ANY PLACE WHOSE LAW MIGHT BE CLAIMED TO BE APPLICABLE REGARDING THE EFFECTIVENESS, ENFORCEMENT, OR EXECUTION OF SUCH ORDER OR JUDGMENT, INCLUDING PLACES OUTSIDE OF TOKYO AND OF JAPAN.

**11.6 Records Maintenance.** Content Participant and SAFIA Agent shall maintain accurate records of its activities under this Agreement, including but not limited to records relating to its distribution of Revocation Information for at least three (3) years from the date of the act recorded.

**11.7 Notice.** All notices to be provided pursuant to this Agreement shall be given in writing and shall be effective when either served by personal delivery or upon receipt via certified mail, return receipt requested, postage prepaid, overnight courier service or sent by facsimile transmission with hard copy confirmation sent by certified mail, in each case to the Party at the addresses set out on the signature pages hereof.

**11.8 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 thereof 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 either of the Parties hereto of any of the covenants to be performed by the other Party or any breach thereof shall not be effective unless made in writing and signed by the waiving Party and shall not be construed to be a waiver of any succeeding breach thereof or of any covenant herein contained.

11.9 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The Parties acknowledge and agree that such counterparts may be executed by signatures sent by facsimile transmissions.

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

**Hitachi Maxell, Ltd., Content Participant:  
in its Capacity as SAFIA Agent:**

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

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

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

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

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

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

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

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

**Addresses for notices**

**SAFIA Agent:**

**Content Participant:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A****PROCEDURES FOR THIRD-PARTY BENEFICIARY CLAIMS**

1. Prior to initiating or instituting any Content Participant Beneficiary Claim (a "Beneficiary Claim") against a SAFIA Adopter or against a Fellow Content Participant, as the case may be (each, a "Defendant"), an Content Participant Beneficiary (a "Third-Party Beneficiary") shall provide SAFIA Agent notice and consultation reasonable under the circumstances regarding a proposed Beneficiary Claim; provided that such consultation with SAFIA Agent shall not affect such Third-Party Beneficiary's complete discretion in initiating or instituting such a Beneficiary Claim. Such Third-Party Beneficiary shall further provide SAFIA Agent with notice of actual filing of a Beneficiary Claim and, upon SAFIA Agent's request, any copies of material documents filed in such Third-Party Beneficiary's initiation, institution or pursuit of such Beneficiary Claim. SAFIA Agent shall cooperate reasonably with 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 the preservation of the integrity and security of SAFIA and to the extent such cooperation does not involve release of information provided to SAFIA Agent by a SAFIA Adopter or Fellow Content Participant that such SAFIA Adopter or Fellow Content Participant has designated to SAFIA Agent to be its confidential and proprietary information. Documents provided to SAFIA Agent under the procedures set out in this Exhibit A shall not include any documents filed or to be filed under seal in connection with such Beneficiary Claim.
2. SAFIA Agent shall provide all Fellow Content Participants (in the case of an Content Participant Beneficiary Claim) with prompt notice of SAFIA Agent's receipt of any notice of a Beneficiary Claim against a Defendant (a "Claim Notice"). Within thirty (30) days of the date of mailing of a Claim Notice, all Content Participant Beneficiaries (in the case of an Content Participant Beneficiary Claim) shall elect whether to join such Beneficiary Claim, and the failure of any Fellow Content Participant to provide written notice to SAFIA Agent of such election and to move to join such Beneficiary Claim within such thirty (30)-day period shall be deemed a waiver of such Fellow Content Participant's third-party-beneficiary right under its respective Content Participant Agreement, as the case may be, with respect to all Beneficiary Claims against Defendant arising out of the alleged breach by Defendant raised in such Beneficiary Claim asserted by the Third-Party Beneficiary. The Third-Party Beneficiary instituting or initiating a Beneficiary Claim shall support, and Defendant shall not object to, any motion to so join by such Third-Party Beneficiaries electing to join such Beneficiary Claim within such thirty (30)-day period. Any judgment entered upon such Beneficiary Claim shall be binding on all Fellow Content Participants that failed to join such Beneficiary Claim as if they had joined such Beneficiary Claim. Neither any Fellow Content Participant's failure to notify or consult with SAFIA Agent or to provide copies, nor SAFIA Agent's failure to give notice to any Fellow Content Participant pursuant to these third-party beneficiary procedures, under paragraphs 1 or 2 shall be a defense against any Beneficiary Claim or grounds for a request to delay the granting of any preliminary relief requested.
3. Third-Party Beneficiaries shall have no right to, and Content Participant agrees that it will not, enter into any settlement that: (i) amends any material term of any SAFIA Adopter Agreement or Content Participant Agreement; (ii) has an adverse effect on the integrity or security of SAFIA, or the operation of SAFIA with respect to protecting Commercial Audiovisual Content from any unauthorized output, transmission, interception or copying, or the rights of Content Participants with respect to SAFIA; or (iii) affects any of SAFIA Agent's or the Founders' rights in and to SAFIA or any intellectual property right embodied therein, unless SAFIA Agent shall have provided prior written consent thereto.



**EXHIBIT B**  
**ADMINISTRATION FEE**

Annual Fee: JPY 1,500,000

**EXHIBIT C****CONFIDENTIALITY AGREEMENT****1 Confidentiality**

- 1.1 **Permitted Use.** Content Participant shall use Proprietary Information and Confidential Information (and tangible embodiments of either of the foregoing) solely as may be necessary for the activities contemplated under the Agreement, and shall not use any mentally-retained recollections thereof to circumvent or copy the methods disclosed in the Specification or any Proprietary Information or Confidential Information or to circumvent any obligations under the Agreement.

**2 Disclosure**

- 2.1 **Confidential Information.** Content Participant may disclose Confidential Information only to (i) regular employees of Content Participant and individuals retained as independent contractors subject to confidentiality obligations equivalent to those applicable to regular employees of Content Participant who have a reasonable need to know and are bound in writing by obligations of confidentiality sufficient to protect the Confidential Information in accordance with the terms of the Agreement; (ii) Fellow Content Participants, provided that Content Participant may disclose to such Fellow Content Participants only information that such Fellow Content Participants are permitted to receive under their respective Content Participant Agreements or (iii) Content Participant's attorneys, auditors or other agents who owe Content Participant a duty of confidentiality and are bound to maintain such information in confidence as a result of a fiduciary relationship. Content Participant shall use the same degree of care, but no less than a reasonable degree of care, to avoid unauthorized disclosure or use of Confidential Information as Content Participant employs with respect to its comparably important confidential information. Notwithstanding the foregoing, Content Participant and SAFIA Agent may disclose Content Participant's status (or lack of it) as a licensee under the Agreement, and such disclosure shall not constitute Confidential Information.
- 2.2 **Contact Person.** Content Participant shall designate a single employee and an alternate employee who shall receive all Confidential Information disclosed by SAFIA Agent.
- 2.3 **Notification of Unauthorized Use or Disclosure.** Content Participant shall notify SAFIA Agent immediately upon discovery of any unauthorized use or disclosure of Proprietary Information, and will cooperate with SAFIA Agent in every reasonable way to regain possession of Proprietary Information and prevent its further unauthorized use or disclosure.
- 2.4 **Disclosure Required by Law.** If Content Participant is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Confidential Information, Content Participant shall notify SAFIA Agent as promptly as possible, and shall, upon SAFIA Agent's request, reasonably cooperate in challenging or restricting the scope of such required disclosure.
- 2.5 **Confidentiality Exceptions.** The confidentiality restrictions contained in this Confidentiality Agreement shall not apply to Confidential Information that Content Participant can demonstrate: (i) is or becomes or has become generally known to the public through no breach of Content Participant's obligations owed to SAFIA Agent or the Founders and which SAFIA Agent failed to remove from public availability or to enjoin such public disclosure within 120 days after the date such information is or becomes generally known as set forth above; or (ii) is or has been developed by Content Participant's employees (whether independently or jointly with others) without having access (whether directly or through any intermediaries) to any such Confidential Information (or any translation, derivation or abstractions of Confidential Information) and without any breach of Content Participant's obligations to SAFIA Agent or the Founders; or (iii) is or has been disclosed to Content Participant by a third party which had developed (whether independently or jointly with others) or obtained such information without any access (whether directly or through any intermediaries) to

any Confidential Information and without any breach of any such third party's obligations to SAFIA Agent or the Founders.

### 3 Period

- 3.1 **Confidentiality Period.** The confidentiality obligations set forth herein shall continue until the later of (i) three (3) years after the last commercial use of the Specification or SAFIA by SAFIA Agent or any entity licensed to use the technology described in the Specification; and (ii) the expiration of the last copyright that protects any Commercial Entertainment 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.

### 4 Other Terms

- 4.1 **Reverse Engineering.** Content Participant shall under no circumstances reverse engineer, decompile, disassemble or otherwise determine the operation of the Specification. Nothing herein shall be construed as an inducement for Content Participant to reverse engineer any products or components in which the Specification is implemented.

**EXHIBIT D**  
**FORM ADOPTER AGREEMENT**

**EXHIBIT E**

**FORM OF  
CONFIDENTIALITY AGREEMENT  
FOR HIGHLY CONFIDENTIAL INFORMATION**

This Confidentiality Agreement For Highly Confidential Information (the "HCI Confidentiality Agreement") is effective as of \_\_\_\_\_ by and between: SAFIA Agent; and \_\_\_\_\_ (together with its Affiliates, "Content Participant"):

**WITNESSETH:**

WHEREAS, Content Participant and SAFIA Agent have entered into that certain Content Participant Agreement (the "CPA"), effective as of \_\_\_\_\_;

WHEREAS, Content Participant wishes to obtain, pursuant to Section 3.7 of the CPA, Highly Confidential Information, as such term is defined in the CPA;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth herein and in the CPA, the parties hereto hereby agree as follows:

**1. General**

Capitalized terms used in this HCI Confidentiality Agreement and not otherwise defined herein shall have the meanings given in the CPA. This HCI Confidentiality Agreement shall be deemed an addendum to, and is hereby incorporated into, the CPA. Without limiting the foregoing, this HCI Confidentiality Agreement in no way limits Content Participant's obligations under the Confidentiality Agreement (Exhibit C to the CPA).

**2. Permitted Use**

Content Participant shall use Highly Confidential Information (and tangible embodiments thereof) solely as may be necessary for Content Participant's review thereof pursuant to Section 3.7 of the CPA, and shall not use any mentally-retained recollections thereof to circumvent or copy the methods disclosed in the Specification or any Proprietary Information, Highly Confidential Information or other Confidential Information or to circumvent any obligations under the CPA.

**3. Confidentiality**

**3.1 Highly Confidential Information.** Content Participant shall maintain the confidentiality of Highly Confidential Information in the following manner:

3.1.1 Content Participant shall employ procedures for safeguarding Highly Confidential Information at least as rigorous as Content Participant would employ for its own most highly confidential information, such procedures to include, at a minimum: (i) maintaining on Content Participant's premises a secure location in which any and all Highly Confidential Information shall be stored; (ii) such secure location shall be accessible only by authorized employees; (iii) employees shall sign in and out each time such employees visit such secure location; and (iv) when Highly Confidential Information is not in use, such information shall be stored in a locked safe at such secure location.

3.1.2 Content Participant may disseminate Highly Confidential Information only to the strictest minimum possible number of regular employees of Content Participant: (i) who have an absolute need to know such Highly Confidential Information in order to effectively carry out Content Participant's review thereof pursuant to Section 3.7 of the CPA; and (ii) who are bound

in writing by obligations of confidentiality sufficient to protect the Highly Confidential Information in accordance with the terms of this HCI Confidentiality Agreement.

- 3.1.3 Content Participant shall not make any copies of any Highly Confidential Information. Content Participant may request additional copies of such information. SAFIA Agent may in its sole discretion fulfill any such request.

#### 4. General

- 4.1 **Improper or Unauthorized Acts.** Content Participant shall make all reasonable efforts to assist SAFIA Agent in relation to any claim, action, suit, proceeding, or litigation with respect to any improper or unauthorized acts of any of its former employees.
- 4.2 **Contact Person and Provision of SAFIA Information.** Content Participant shall designate a single employee and an alternate employee who shall receive all Highly Confidential Information disclosed by SAFIA Agent.
- 4.3 **Notification of Unauthorized Use or Disclosure.** Content Participant shall notify SAFIA Agent immediately upon discovery of any unauthorized use or disclosure of Highly Confidential Information, and will cooperate with SAFIA Agent in every reasonable way to regain possession of Highly Confidential Information and prevent its further unauthorized use or disclosure.
- 4.4 **Disclosure Required by Law.** If Content Participant is required by law, regulation or order of a court or other authority of competent jurisdiction to disclose Highly Confidential Information, Content Participant shall notify SAFIA Agent as promptly as possible, and shall, upon SAFIA Agent's request, reasonably cooperate in challenging or restricting the scope of such required disclosure.
- 4.5 **Confidentiality Exceptions.** The confidentiality restrictions contained in this HCI Confidentiality Agreement shall not apply to information that Content Participant can demonstrate: (i) is Highly Confidential Information which is or becomes or has become generally known to the public through no breach of Content Participant's obligations owed to SAFIA Agent or the Founders and which SAFIA Agent failed to remove from public availability or to enjoin such public disclosure within 120 days after the date such information is or becomes generally known as set forth above; (ii) is or has been developed by Content Participant's employees (whether independently or jointly with others) without having access (whether directly or through any intermediaries) to any Highly Confidential Information or other Confidential Information (or any translation, derivation or abstractions of Highly Confidential Information) and without any breach of Content Participant's obligations to SAFIA Agent or the Founders; or (iii) is or has been disclosed to Content Participant by a third party which had developed (whether independently or jointly with others) or obtained such information without any access (whether directly or through any intermediaries) to any Highly Confidential Information or other Confidential Information and without any breach of any such third party's obligations to SAFIA Agent or the Founders.

#### 5. Liquidated Damages

The parties agree that it would be impossible to estimate the amount of damages in the event of certain breaches. In the event of a material breach by Content Participant of this HCI Confidentiality Agreement, Content Participant shall be liable for one million dollars (US\$1,000,000). For purposes of this Section 5, a series of substantially related events shall constitute a single material breach. 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 SAFIA, including but not limited to SAFIA Adopters and Fellow Content Participants, or constitute a threat to the integrity or security of SAFIA. In addition, the following is a non-exclusive list of circumstances in which, standing alone, there is no material breach of the applicable provisions: (i) if no 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

Content Participant maintains an 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 HCI Confidentiality Agreement), the breach was inadvertent or otherwise unintentional, and the breach did not have a material adverse effect on the integrity or security of SAFIA or the function of SAFIA to protect Commercial Entertainment Content; or (iii) if Content Participant brought the breach to SAFIA Agent's attention in a timely manner as required by this HCI Confidentiality Agreement and such breach did not have a material adverse effect on the integrity or security of SAFIA or the function of SAFIA to protect Commercial Entertainment Content.

## **6. Period**

The confidentiality obligations set forth herein shall continue until the later of (i) three (3) years after the last commercial use of the Specification or SAFIA by SAFIA Agent or any entity licensed to use the technology described in the Specification; and (ii) the expiration of the last copyright that protects any Commercial Entertainment 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.

## **7. Reverse Engineering**

Pursuant to Section 4.1 of the CPA, Content Participant shall under no circumstances reverse engineer, decompile, disassemble or otherwise determine the operation of the Specification, including, without limitation, any encryption/decryption or scrambling/descrambling algorithm or logic of SAFIA.

**IN WITNESS WHEREOF**, the parties have executed this HCI Confidentiality Agreement as of the date first above written.

**Hitachi Maxell, Ltd., Content Participant:  
in its Capacity as SAFIA Agent:**

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

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

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

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

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

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

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

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

**Addresses for notices**

**SAFIA Agent**

**Content Participant:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**EXHIBIT F****COMPLIANCE RULES FOR CONTENT PARTICIPANTS****1. General**

- 1.1 **Applicability.** This Exhibit F is applicable to all Content Participants making Licensed Content Products with respect to use of SAFIA to protect prerecorded Commercial Audiovisual Content.
- 1.2 **Definitions.** Capitalized terms not herein defined shall have the meaning defined in the Agreement or the Specifications.

**2. Requirements for Prerecorded SAFIA Content****2.1 CCI Settings.**

(i) Control Count in ACs of the Usage Pass shall be set to (a) Generation Count of No More Copies, Copy One Generation or Not Asserted, or (b) Copy Count of permitted no more than 15 times, as the CCI status of the recorded SAFIA AV Stream.

(ii) The Output Control in ACe of the Usage Pass shall be set to 0b except the case when DOT is asserted, and the SAFIA\_CCI\_visual of the SAFIA AV Stream shall be set to (a) the same status as the Generation Count when the status of Control Count is Generation Count, or (b) No More Copies when the status of Control Count is Copy Count.

- 2.2 **Move Control.** MU, MB in ACs or MC in ACe may be asserted when the Move of content is restricted.
- 2.3 **Image Constraint Token (“ICT”).** In case of content distribution of commercial audiovisual content, ICT shall not be asserted.
- 2.4 **Digital Only Token (“DOT”).** In case of content distribution of commercial audiovisual content, DOT shall not be asserted.