

**INTERIM REGISTRATION AGREEMENT FOR MANUFACTURERS OF BD PLAYERS AND  
BD RECORDERS**

This Interim Registration Agreement (“Registration Agreement”) is entered into on [INSERT CURRENT DATE] (“the Effective Date”) by and between

KONINKLIJKE PHILIPS ELECTRONICS N.V., having its registered office in Eindhoven, The Netherlands (“Philips”)

and

[SPECIFY LEGAL ENTITY OF REGISTERED MANUFACTURER], having its registered office in [SPECIFY FULL ADDRESS OF REGISTERED MANUFACTURER] (“Registered Manufacturer”)

(Philips and Registered Manufacturer hereinafter also referred to individually as “a Party” and collectively as “the Parties”).

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

WHEREAS, Philips and other members of the BDA have developed, as a sub-set of BD, a pre-recorded format, which has been presented under the name BD-ROM;

WHEREAS, Philips and other members of the BDA have developed, as a sub-set of BD, a recordable format, which has been presented under the name BD-R;

WHEREAS, Philips and other members of the BDA have developed, as a sub-set of BD, a rewritable format, which has been presented under the name BD-RE;

WHEREAS, the BD-ROM Format Specifications, the BD-R Format Specifications, the BD-RE Format Specifications and the right to use the relevant BD logo can be obtained from the BDA through BDA’s website: <http://www.blu-raydisc.info>;

WHEREAS, Philips owns certain Patents essential to the manufacture of BD Players as well as BD Recorders;

WHEREAS, Philips has created a batch-based licensing system based on registration by manufacturers, enabling those manufacturers who have registered with Philips to apply for licenses on a per-batch basis and to apply for LSCDs for their Selected Products, as further detailed in the “Philips Batch-Based Licensing System Guide”;

WHEREAS, Registered Manufacturer and Philips enter into this Registration Agreement to confirm the terms and conditions under which Registered Manufacturer may request and obtain Per-Batch Licenses and LSCDs.

NOW THEREFORE, in consideration of the mutual obligations and covenants set forth in this Registration Agreement, the Parties have agreed as follows:

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Initials Registered Manufacturer \_\_\_\_\_

## 1. Definitions

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

**“Additional Information”** means one or more of the following documents and information relating to an Application or a Shipment by Registered Manufacturer that Philips may request at any time to be provided by electronic means (irrespective of whether an LSCD has been issued):

- (a) the bill of lading containing the shipping details, including but not limited to the port of lading and the name of the vessel;
- (b) the air waybill containing the flight number and the airport of departure and arrival;
- (c) the CMR or other truck waybill;
- (d) the purchase order received by Registered Manufacturer;
- (e) the invoice(s) issued by Registered Manufacturer;
- (f) proof of the country of origin, which may include a “Form A Certificate of Origin” in those countries where such form is required;
- (g) the packing list;
- (h) the identification number of the LSCD identifying Registered Manufacturer as the recipient of any Selected Product sourced from a third party and included in the Shipment; and
- (i) all other information that Philips may reasonably require to (i) prevent the fraudulent use of LSCDs; (ii) prevent the evasion of royalty payments; or (iii) verify the compliance of Registered Manufacturer, Registered Manufacturer’s suppliers and Registered Manufacturer’s customers, with their respective contractual obligations.

Registered Manufacturer acknowledges that Philips may at any time amend the requirements as listed above.

**“Application”** means an application, as made available on the DISP, which Registered Manufacturer shall submit to Philips when applying for an LSCD.

**“Application Number”** means a unique set of identification characters assigned by Philips to Registered Manufacturer after each Application.

**“Associated Company”**, in relation to either Party, means any one or more business entities: (a) owned or controlled by that Party; or (b) owning or controlling that Party; or (c) owned or controlled by the business entity owning or controlling that Party, but only for as long as such ownership or control exists. For the purposes of this Registration Agreement, a business entity shall be deemed to own or to control another business entity if more than 50% (fifty per cent) of the voting stock of the latter business entity, ordinarily entitled to vote in the election of directors (or, if there is no such stock, more than 50% of the ownership of or control in the

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latter business entity) is directly or indirectly held by the owning or controlling business entity.

**“Authorized Employee”** means a person (authorized by the Visitor Administrator, as defined in Clause 17.2) who is authorized to perform certain actions on behalf of Registered Manufacturer including but not limited to: (i) requesting and/or accepting LSCDs and (ii) modifying or confirming eRRF.

**“Authorized Employee Manual”** means the manual explaining the use of the DISP, as made available on the Website or by such other means as may be subsequently communicated by Philips to Registered Manufacturer. The Authorized Employee Manual may be amended by Philips from time to time.

**“BD-Hybrid Data Disc”** means an optical disc with at least one BD layer with a capacity of no more than 27 GBytes and a further layer being a second BD layer, a DVD layer or a CD layer, designed and manufactured for recording thereon digital information, and which disc conforms to the BD-Hybrid Format Specifications.

**“BD-Hybrid Format Specifications”** means the specifications for the BD- Hybrid format system, as specified in the document "System Description Blu-ray Disc Hybrid Format", Version 1.0, of October 2005, as modified or extended by the BDA from time to time.

**“BD Hybrid Movie Disc”** means an optical disc with at least one BD layer with a capacity of no more than 27 GBytes and a further layer being a second BD layer, a DVD layer or a CD layer, designed and manufactured for recording thereon digital information, and which disc conforms to the BD-Hybrid Format Specifications and one layer of which also conforms to the BD-ROM Format Specifications, part 3 (“Audio Visual Basic Specifications”).

BD Hybrid Data Discs and BD Hybrid Movie Discs are collectively referred to as **“BD Hybrid Discs”**.

**“BD Player”** means a BD playback device which is capable of reproducing signals in digital form from BD-ROM Discs, BD Hybrid Discs, Dual Layer BD-ROM Discs, BD-R Discs and BD-RE Discs.

For the avoidance of doubt, a PC capable of reproducing signals in digital form from a BD-ROM Movie Disc or a BD Hybrid Movie Disc in accordance with BD-ROM Format Specifications also qualifies as a BD Player.

**“BD-R Disc”** means a recordable disc with a capacity of no more than 27 GBytes per layer, designed and manufactured for recording thereon digital information, and which conforms at least to Part 1, Part 2 and, if applicable, Part 3 of the BD-R Format Specifications.

**“BD-R Format Specifications”** means the specifications for the Blu-ray Disc Recordable Format, as specified in the document "System Description Blu-ray Disc Recordable Format", comprising Part 1, Part 2 and Part 3, as modified or extended by the BDA from time to time.

**“BD-R System”** means the Blu-ray Disc Recordable System which is capable of recording and subsequently reproducing signals in digital form from BD-R Discs.

**“BD-RE Disc”** means a rewritable disc with a capacity of no more than 27 GBytes per layer, designed and manufactured for recording, erasing and rewriting thereon digital information, and which conforms at least to Part 1, Part 2 and, if applicable, Part 3 of the BD-RE Format Specifications.

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**“BD-RE Format Specifications”** means the specifications for the Blu-ray Disc Rewritable Format, as specified in the document "System Description Blu-ray Disc Rewritable Format", comprising Part 1, Part 2 and Part 3, as modified or extended by the BDA from time to time.

**“BD-RE System”** means the Blu-ray Disc Rewritable System which is capable of recording, erasing, rewriting, and subsequently reproducing signals in digital form from BD-RE Discs.

**“BD Recorder”** means a BD Player which includes a recording device which is capable of recording signals in digital form on BD-R Discs in accordance with the BD-R Format Specifications as well as which is capable of recording, erasing, and rewriting signals in digital form on BD-RE Discs in accordance with the BD-RE Format Specifications.

For the avoidance of doubt, a PC which includes a recording device which is capable of recording signals in digital form on BD-R Discs in accordance with the BD-R Format Specifications as well as which is capable of recording, erasing, and rewriting signals in digital form on BD-RE Discs in accordance with the BD-RE Format Specifications also qualifies as a BD Recorder.

**“BD-ROM Data Disc”** means a pre-recorded disc with a capacity of no more than 27 GBytes, designed and manufactured for storing thereon digital information, and which conforms to Part 1 and Part 2 of the BD-ROM Format Specifications.

**“BD-ROM Format Specifications”** means the specifications for the Blu-ray Disc Read-Only Format system, as specified in the document "System Description Blu-ray Disc Read-Only Format" comprising Part 1, Part 2 and Part 3, as modified or extended by the BDA from time to time.

**“BD-ROM Movie Disc”** means a pre-recorded disc with a capacity of no more than 27 GBytes, designed and manufactured for storing thereon digital information, and which conforms to Part 1, Part 2 and Part 3 of the BD-ROM Format Specifications.

BD-ROM Data Discs and BD-ROM Movie Discs are collectively referred to as **“BD-ROM Discs”**.

**“Country of Registration”** means [SPECIFY COUNTRY OF RESIDENCE OF REGISTERED MANUFACTURER].

**“Designated Internet Service Portal”** or **“DISP”** means the Internet service portal designated by Philips for communicating with Registered Manufacturer to process Per-Batch Licenses, LSCDs and other matters relevant to this Registration Agreement, which will be made available to a limited number of Authorized Employees to enable such Authorized Employees to submit Applications using a limited number of computers.

**“Essential Patent(s)”** means any one or more of the Patents of which Philips or any of Philips' Associated Companies is the registered proprietor (but excluding Patents acquired by Philips on or after The Effective Date), the use of which is necessary, either directly or as a practical matter for compliance with the BD-ROM Format Specifications, the BD-R Format Specifications or the BD-RE Format Specifications, depending on the Selected Product. The Essential Patents are published on the Website.

For the avoidance of doubt, technologies other than Blu-ray, incorporated in the BD-ROM Format Specifications by reference (including, but not limited to the BD-ROM Mark, AACs, MPEG 2 Video, HDMI/HDCP, RPC, VC1, AVC, LPCM, MPEG1, DTS HD LBR, Dolby Digital

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+, Dolby Lossless, DTS Lossless) are not covered by this Registration Agreement and shall not be included in any Per-Batch License to be issued by Philips pursuant to this Registration Agreement.

For the purpose of this Registration Agreement, Essential Patents shall not include patents that are jointly owned by Philips and one or more third parties.

**“Licensed Status Confirmation Document”** or **“LSCD”** means a document entitled “Licensed Status Confirmation Document” or “LSCD” as explained in the Authorized Employee Manual, which is available on the DISP. An LSCD may be issued by Philips to Registered Manufacturer in relation to the Selected Products identified in an Application, for the purpose of confirming that the relevant Shipment of those Selected Products is licensed under the Essential Patents and/or the Registration Logo.

**“Mandatory Information”** means the following documents and information relating to an Application that Registered Manufacturer has to provide to Philips by electronic means when submitting an Application:

- (a) the quantity and type of Selected Products in the proposed Shipment;
- (b) the Registration Numbers;
- (c) the requested date of release;
- (d) the brand and model number;
- (e) within the range of Serial Number Labels included in a Shipment, the Serial Number Label with the lowest number and the Serial Number Label with the highest number;
- (f) the identity of the recipient of the proposed Shipment;
- (g) the country of destination of the proposed Shipment;
- (h) the identity of the customer, if the customer is not the same as the recipient;
- (i) the estimated date of arrival of the Shipment;
- (j) the number of any invoice issued, or to be issued, by Registered Manufacturer in relation to the proposed Shipment;
- (k) whether the Selected Products will be transferred by way of container, air, courier or other method and, depending on these methods, the Shipment details such as container number or waybill number;
- (l) for Selected Products acquired by Registered Manufacturer from a third party, the Registration Number assigned to the manufacturer of these Selected Products, and the Application Number granted to that third party in relation to its transfer of the relevant Selected Products to Registered Manufacturer.

Registered Manufacturer acknowledges that Philips may at any time amend the requirements as listed above.

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**“Patents”** means granted and subsisting patents and any applications for patents, but not utility models.

**“PBL Standard Terms and Conditions”** means the standard terms and conditions of a Per-Batch License current as at the date of grant of the Per-Batch License. The PBL Standard Terms and Conditions current as at the date of this Registration Agreement are attached hereto as Annex D and may be amended by Philips from time to time.

**“Per-Batch License”** means Registered Manufacturer’s and Philips’ rights and obligations under a license, granted by Philips in respect of an Application, under the Essential Patents and/or under the Registration Logo in the Territory. While any Per-Batch License that may be granted will be a separate contract, distinct from this Registration Agreement, it may incorporate terms from this Registration Agreement (and Annexes hereto) by reference to this Registration Agreement, and vice versa. A Per-Batch License shall consist of the Application that is accepted by Philips and the PBL Standard Terms and Conditions.

**“Philips Batch-Based Licensing System Guide”** means the document entitled “Philips Batch-Based Licensing System Guide”, as published by Philips on the Website and as amended by Philips from time to time.

**“Product Carton”** means the sales packaging unit of each Selected Product, as used for transport and storage in accordance with normal industry practice.

**“Registration Logo”** means the unique symbol depicted in the Veeza Logo Guide.

**“Registration Number”** means a set of identification characters issued by Philips to Registered Manufacturer for the purpose of identifying one unique production location of Registered Manufacturer.

**“Royalty Reporting Form”** means a statement in a form as attached hereto as Annex B, provided to Philips by electronic means, in a form explained in the Authorized Employee Manual which is available on the DISP or by such other means as may be subsequently communicated by Philips to Registered Manufacturer.

**“Selected Products”** means any one or more of the following products as selected by Registered Manufacturer

Please tick:

BD Player

BD Recorder

**“Serial Number Guide”** means the document entitled “Serial Number Guide”, as published by Philips on the Website and as amended by Philips from time to time.

**“Serial Number Label”** means a label with a unique number that is affixed to an individual Product Carton for the purpose of identifying that Product Carton.

**“Shipment”** means:

- (a) a transfer of Selected Products from Registered Manufacturer to any third party (including an Associated Company of Registered Manufacturer), in which

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Registered Manufacturer had full control over such Selected Products prior to such transfer, and the relevant third party can exercise control over such Selected Products after such transfer (irrespective of whether the transfer involves a transfer of title);

- (b) a transfer of title in Selected Products from Registered Manufacturer to any third party (including an Associated Company of Registered Manufacturer);
- (c) a transfer by Registered Manufacturer of Selected Products across national borders.

Without limiting the foregoing, the following transfers of Selected Products by Registered Manufacturer are examples of a Shipment:

- (a) a transfer to an Associated Company of Registered Manufacturer (even within the same country);
- (b) a transfer to Registered Manufacturer's facilities in another country; and/or
- (c) a transfer to any third party for the purpose of consignment, distribution or otherwise, where such third party exercises control over the further distribution of Selected Products.

**"Veeza Logo Guide"** means the document entitled "Veeza Logo Guide", as published by Philips on the Website and as amended by Philips from time to time.

**"Website"** means [www.ip.philips.com](http://www.ip.philips.com) or any other website designated by Philips from time to time in connection with this Registration Agreement.

## 2. Interim Registration Agreement only

- 2.1 This Registration Agreement permits Registered Manufacturer to apply for LSCDs on a per Shipment basis to obtain a Per-Batch License for the relevant Shipment, on the conditions set forth herein.
- 2.2 Registered Manufacturer acknowledges and agrees that this Registration Agreement does not confer any patent license and that the only licenses granted in respect of Selected Product(s) shall be on the basis of a Per-Batch License, confirmed by a corresponding LSCD in accordance with the provisions of Clause 3.
- 2.3 For the avoidance of doubt, Philips confirms that it will not charge separate royalties for the use of its Essential Patents related to the AC-3, MPEG-2 Audio and DTS technologies included in a BD Player, nor for the use of VCD, CD-ROM, DVD-Video, DVD-ROM functionalities included in a BD Player over and above the royalty rate specified in Clause 4.2.

Similarly, Philips will not charge separate royalties related to the use of the AC-3, MPEG-2 Audio and DTS technologies included in a BD Recorder, nor for the use of DVD-R/-RW/+R+RW/RAM, CD-R/RW functionalities, included in a BD Recorder over and above the royalty rate specified in Clause 4.2.

## 3. Per-Batch Licenses and Licensed Status Confirmation Document

- 3.1 Before commencing a Shipment, Registered Manufacturer shall submit an Application for an LSCD requesting a Per-Batch License for all Selected Products manufactured

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by it that it proposes to include in a Shipment. Registered Manufacturer shall complete the application by including all Mandatory Information.

Any Per-Batch License granted by Philips to Registered Manufacturer shall be restricted to: (a) the Country of Registration and (b) the country of destination of the Shipment, the subject of the relevant Application.

- 3.2 The requested date of release of the LSCD mentioned in the Application made by Registered Manufacturer shall be before or on the date of the Shipment. If any Mandatory Information required for the issuance of an LSCD is missing at the time of the Application, such missing Mandatory Information shall be provided by Registered Manufacturer within five (5) days after the requested date of release of the LSCD or one (1) day before the Shipment arrives, whichever is earlier. If Registered Manufacturer fails to provide Philips with the Mandatory Information required for the issuance of an LSCD, no Per-Batch License will be granted and no LSCD will be issued pertaining to the BD Players and BD Recorders included in the Shipment. Such BD Players and BD Recorders are therefore not licensed.
- 3.3 Philips may at any time, irrespective of whether an LSCD has been issued, require Registered Manufacturer to provide any Additional Information in relation to an Application or a Shipment by Registered Manufacturer. Registered Manufacturer shall provide the relevant Additional Information to Philips within five (5) days after the date of such request.
- 3.4 If any Additional Information provided by Registered Manufacturer is materially inconsistent with the information contained in the relevant Application, Philips may deny the grant of a Per-Batch License and/or the issuance of an LSCD or revoke any Per-Batch License granted or LSCD issued to Registered Manufacturer pertaining to the relevant Shipment.

If a Per-Batch License was granted or an LSCD was issued following a misrepresentation to Philips by Registered Manufacturer, the LSCD and any Per-Batch License granted shall be void ab initio.

- 3.5 If the complete Application is approved, Philips shall certify the licensed status of the Selected Products included in a Shipment by issuing an LSCD to Registered Manufacturer.
- 3.6 It is acknowledged and agreed that the grant of a Per-Batch License and the issuance of any LSCD shall be at the sole discretion of Philips and that Philips shall be entitled to refuse the grant of a Per-Batch License or the issuance of any LSCD, such grant and/or issuance not to be refused unreasonably. By way of example and without limitation, Philips may deny the grant of a Per-Batch License and/or the issuance of an LSCD to Registered Manufacturer if:
- (a) Registered Manufacturer is not, at the time the relevant Application is made, in full compliance with its obligations under this Registration Agreement;
  - (b) Selected Products have already been shipped prior to the submission of the Application;
  - (c) the recipient identified in the LSCD, at the time of the relevant Application, is

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not in full compliance with its contractual obligations under an agreement with Philips;

- (d) an Application covers Selected Products acquired by Registered Manufacturer from a third party in relation to which an LSCD has been issued to that third party, and where royalties that have accrued for those Selected Products have fallen due and payable but have not been paid;
- (e) any Mandatory Information provided in an Application pursuant to Clause 3.1 or any Additional Information provided pursuant to Clause 3.3 of this Registration Agreement is incomplete or incorrect;
- (f) Selected Products originate from a company which is not a party to a Registration Agreement with Philips in respect of Selected Products.

3.7 Registered Manufacturer acknowledges that customs authorities of various countries may detain Shipments not accompanied by an LSCD, and that Applications that are submitted late, incomplete or that include incorrect information, are likely to cause Philips to delay or refuse granting a Per-Batch License and/or issuing an LSCD, and may therefore lead to delays at customs, or seizure and/or destruction of Selected Products. Registered Manufacturer further acknowledges that the sale of BD Players and BD Recorders without an LSCD may lead to claims against Registered Manufacturer, or against recipients of such BD Players and BD Recorders, for damages and/or injunctions on the basis of patent, trade mark and/or copyright infringement.

3.8 Registered Manufacturer shall assign, by giving notice to Philips, the current form of which is set out in Annex C, one of its full-time employees as an administrator for accessing the DISP. Registered Manufacturer represents that this person ("Visitor Administrator") shall have the authority to appoint Authorized Employees on behalf of Registered Manufacturer. Registered Manufacturer may at any time during the term of this Registration Agreement assign another of its full-time employees as a replacement Visitor Administrator by giving written notice of such appointment to Philips, specifying the Visitor Administrator's name and e-mail address.

#### **4. Royalties, Reports and Payments**

4.1 Registered Manufacturer shall, upon execution of this Registration Agreement, pay Philips a non-refundable, non-recoupable fee of EURO 25,000 (twenty-five thousand Euros).

4.2 Registered Manufacturer shall pay to Philips a royalty for each Selected Product that Registered Manufacturer manufactures and includes in a Shipment as follows:

For each BD Player: Euro 3.50

For each BD Recorder: Euro 5.00

Philips confirms that the royalty rate applicable to the Per-Batch License in the long-form registration agreement referred to in Clause 11.1 shall not exceed the royalty rate specified in this Registration Agreement.

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- 4.3 Within 7 days following the end of each calendar month during the term of this Registration Agreement, Registered Manufacturer shall submit to Philips (irrespective of whether any Shipments of BD Players or BD Recorders have occurred) a Royalty Reporting Form for the previous calendar month. This Royalty Reporting Form shall be submitted by the Authorized Employee and shall set forth with respect to the preceding monthly period:
- (a) the quantities BD Players and/or BD Recorders manufactured by Registered Manufacturer, specified per individual type of BD Players and/or BD Recorders, as well as the relevant Application Numbers;
  - (b) the quantities of BD Players and/or BD Recorders specified per individual type of BD Players and/or BD Recorders, purchased from other sources, specifying:
    - (i) each third party manufacturer for all BD Players and/or BD Recorders procured, whether directly from such third party manufacturer, or through other sources, including, without limitation, traders or importers; and
    - (ii) the quantities of BD Players and/or BD Recorders so purchased and manufactured by each such third party manufacturer, as well as the relevant Application Numbers;
  - (c) on a per-country basis, specifying per individual type of BD Players and/or BD Recorders:
    - (i) the identity of the buyers and the trademarks used on or in connection with the BD Players and/or BD Recorders and the quantities of BD Players and/or BD Recorders sold to such buyers, as well as the relevant Application Numbers; and
    - (ii) the identity of other manufacturers and the trademarks used on or in connection with the BD Players and/or BD Recorders and the quantities of BD Players and/or BD Recorders sold or otherwise disposed of to such other manufacturers, as well as the relevant Application Numbers;
  - (d) a computation of the royalties due hereunder.

- 4.4 Registered Manufacturer shall pay the royalties stated to be due in the Royalty Reporting Form to Philips no later than 30 (thirty) days after the end of each monthly period to Philips' bank account as specified below:

Bank account no.:	8923019
Name:	Koninklijke Philips Electronics N.V.- Licenses
Bank:	Citibank N.A., London
Swiftcode:	CITIGB2L
IBANcode:	GB61CIT118500808923019.
Sortcode:	18 50 08
Ref:	Registration Agreement for BD Players / Recorders

or such other account as Philips may subsequently designate.

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- 4.5 Any payment under this Registration Agreement which is not made on the date(s) specified herein shall accrue interest at the rate of 2% (two per cent) per month (or part thereof) or the maximum amount permitted by law, whichever is lower, until the moment when the principal amount outstanding and the interest having accrued thereon are paid in full, irrespective of whether this occurs before or after expiry or termination of this Registration Agreement.
- 4.6 All costs, stamp duties, taxes and other similar levies arising from or in connection with this Registration Agreement or any Per-Batch License shall be borne by Registered Manufacturer. If the government of any country imposes any withholding taxes on payments made by Registered Manufacturer to Philips under this Registration Agreement or under any Per-Batch License, and requires Registered Manufacturer to withhold such tax from such payments, Registered Manufacturer may deduct such tax from such payments. In such event, Registered Manufacturer shall promptly provide Philips with all tax receipts issued by the relevant tax authorities that Philips may require to enable Philips to document, if necessary, its compliance with tax obligations in any country.
- 4.7 In order to verify the Royalty Reporting Forms provided for in this Clause 4, Registered Manufacturer shall keep complete and adequate records and books of account relating to the manufacture and sale or other disposal of BD Players and/or BD Recorders. Registered Manufacturer shall keep all such books and records available for inspection for a period of 5 (five) years.

If competent authorities take possession of the books and records of Registered Manufacturer for tax investigation purposes or otherwise, Registered Manufacturer shall ensure that a complete set of photocopies of all such records and books is kept so as to allow inspection in accordance with this Clause 4.7.

- 4.8 Philips shall have the right to inspect the books and records of Registered Manufacturer from time to time, in order to verify the correctness of the Royalty Reporting Forms. Any such inspection shall take place no more than once per calendar year and shall be conducted by a certified public auditor appointed by Philips, by means of a work paper review. Philips shall give Registered Manufacturer written notice of such inspection at least 7 (seven) days prior to the inspection. Registered Manufacturer shall willingly co-operate and promptly provide all such assistance in connection with such inspection as Philips and/or the auditor may require, including, without limitation, allowing the auditors to take, and to take with them photocopies of all such documents as the auditors consider necessary or appropriate for the purpose of preparing their statement or otherwise in connection with the inspection. The access and inspection may extend to all books and records relating to the purchase, manufacture and sale or other disposal of optical recorders (of any type, including but not limited to BD Players and BD Recorders).
- 4.9 Within 15 (fifteen) working days following expiration or termination of this Registration Agreement, Registered Manufacturer shall submit to Philips a written report specifying the number of BD Players and/or BD Recorders in stock at the time of expiration or termination of this Registration Agreement as well as the number of all BD Players and/or BD Recorders manufactured during the calendar quarter in which the Registration Agreement has expired or has been terminated and which have not yet been reported to Philips in accordance with the provisions of this Registration Agreement. Concurrent with the submission of said written report, Registered Manufacturer shall pay the amount due on all such BD Players and/or BD Recorders

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calculated in accordance with Clause 4.2. In addition, within 45 days following such expiration or termination, Registered Manufacturer shall submit to Philips a formal written confirmation from an external auditor, who shall be a certified public auditor, certifying the correctness, accuracy and completeness of such report. For the avoidance of doubt, this Clause 4.9 shall be without prejudice to the provisions of Clause 11.6.

- 4.10 It is confirmed that, prior to the execution of this Registration Agreement, Registered Manufacturer has submitted to Philips a duly completed Royalty Reporting Form (Past Use) (as attached hereto as Annex B1) related to all BD Players and/or BD Recorders (in which any one or more of the Essential Patents exists) manufactured and sold or otherwise disposed of by Registered Manufacturer before the Effective Date, indicating the starting date of production and/or procurement of such BD Players and/or BD Recorders.

Within 7 (seven) days following the execution of this Registration Agreement, Registered Manufacturer shall pay to Philips a compensation of € 3.50 (three and a half Euros) per BD Player and/or € 5.00 (five Euros) per BD Recorder specified in the Royalty Reporting Form (Past Use).

The Royalty Reporting Form (Past Use) shall similarly be subject to Philips' right of audit as set out in Clause 4.7. Within 45 (forty-five) days following the execution of this Registration Agreement, Registered Manufacturer shall submit to Philips an audit statement by its external auditors, who shall be certified public auditors, confirming that the Royalty Reporting Form (Past Use) is true, complete and accurate in every respect.

- 4.11 Registered Manufacturer shall give Philips' representatives immediate and unfettered access to any and all of its manufacturing plants where BD Players and/or BD Recorders are manufactured or held, or where equipment capable of manufacturing BD Players and/or BD Recorders is present, for the purpose of determining whether Registered Manufacturer is in full compliance with its obligations under this Registration Agreement.
- 4.12 Registered Manufacturer shall also procure that Philips' representatives shall have immediate and unfettered access to the facilities of any company that keeps BD Players and/or BD Recorders in stock for or on behalf of Registered Manufacturer and to any warehouses in which Registered Manufacturer holds BD Players and/or BD Recorders, for the purpose of verifying whether Registered Manufacturer is in full compliance with its obligations under this Registration Agreement.

## **5. Registration Logo and Registration Number**

- 5.1 Registered Manufacturer shall print on each Selected Product as well as on each Product Carton of each Selected Product a non-detachable and clearly legible Registration Logo and Registration Number in the form and in accordance with the Veeza Logo Guide.
- 5.2 Registered Manufacturer shall obtain from Philips a Registration Number for each of Registered Manufacturer's manufacturing plants.

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## 6. Serial Number Label

- 6.1 Registered Manufacturer shall not commence a Shipment, for which Registered Manufacturer is required to obtain a Per Batch License pursuant to Clause 3, unless and until each Selected Product included in that Shipment is enclosed in a Product Carton on which a Serial Number Label has been placed in accordance with the Serial Number Guide.
- 6.2 In the LSCD application, Registered Manufacturer shall report to Philips the numbers on the Serial Number Labels placed on each Product Carton.

## 7. Trademarks

- 7.1 Registered Manufacturer shall be in full compliance with the instructions and guidelines provided by Philips from time to time, including but not limited to the Veeza Logo Guide. Before using the Registration Logo, Registered Manufacturer shall submit a sample of such a Registration Logo to Philips and shall only use such Registration Logo after Philips' written consent.
- 7.2 Without limiting the foregoing, Registered Manufacturer may not affix, append, place or displace any trademark, trade name, logo or other sign, in close proximity to the Registration Logo on the Selected Products in a manner that results or could possibly result in the creation of a unitary composite mark.
- 7.3 Registered Manufacturer acknowledges and agrees that Philips shall, subject to any Per-Batch Licenses that it may grant, be entitled to take action for infringement of its intellectual property rights, related to BD-Players and BD-Recorders manufactured, acquired, sold or otherwise disposed of by Registered Manufacturer in infringement of Philips' intellectual property rights.
- 7.4 Registered Manufacturer acknowledges that all right, title and interest in and to the Registration Logo are owned by Philips and all rights relating thereto shall remain solely with Philips. Registered Manufacturer shall not acquire any right of ownership in the Registration Logo whether by implication, use, registration or otherwise. All rights relating to or resulting from the use of the Registration Logo by Registered Manufacturer shall inure to the benefit of Philips.
- 7.5 Upon termination of this Agreement Registered Manufacturer shall cease using or displaying the Registration Logo.

## 8. Grant-Back

Registered Manufacturer agrees to grant to Philips and its Associated Companies and to other third parties who have entered or will enter into a registration or similar agreement with Philips concerning Selected Products, non-exclusive, non-transferable licenses, on reasonable, non-discriminatory conditions, to manufacture, sell or otherwise dispose of Selected Products, under any and all present and future patents, for which Registered Manufacturer or its Associated Companies have or may hereafter acquire the right to grant licenses and which are essential to the manufacture, sale or other disposal of such Selected Products and which patents were first filed or are entitled to a priority date in any country of the world prior to the date of termination of

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this Registration Agreement.

## **9. No Warranty and Indemnification**

- 9.1 Philips makes no representation or warranty as to the ability of Registered Manufacturer to achieve compatibility of (i) BD Players with BD Hybrid Discs and BD-ROM Discs or (ii) BD Recorders with BD-R Discs and BD-RE Discs.
- 9.2 Registered Manufacturer acknowledges that third parties may own industrial and/or intellectual property rights in the field of Selected Products. Philips makes no warranty whatsoever that the manufacture, sale or other disposal of Selected Products does not infringe or will not infringe any industrial and/or intellectual property rights other than the Essential Patents. Philips and its Associated Companies shall be fully indemnified and held harmless by Registered Manufacturer from and against any and all third party claims in connection with Selected Products manufactured, sold or otherwise disposed of by Registered Manufacturer.
- 9.3 Registered Manufacturer hereby waives all rights and hereby forever releases from liability, or in respect of matters that cannot be released from liability, shall indemnify and hold harmless, Philips from and against any and all liabilities as may arise in connection with:
- (a) the issuance, failure or refusal to issue, or delay in issuing LSCDs to Registered Manufacturer (or to third parties from whom Registered Manufacturer acquires BD Players and/or BD Recorders) by Philips (other than if such failure, refusal or delay is a breach of this Registration Agreement);
  - (b) claims made by customers of Registered Manufacturer relating to BD Players and/or BD Recorders being delayed at customs, seized or destroyed.
- 9.4 In no event shall Philips be liable to Registered Manufacturer under any cause of action arising under or related to this Registration Agreement.

## **10. Confidentiality**

- 10.1 Philips shall, during the term of this Agreement as specified in Clause 11.1 and for a period of 3 years thereafter, not disclose to any third party any confidential information obtained in connection with Clause 3, 4.3, 4.9, 4.10, 4.12, and 4.13, except that Philips may disclose such information to its external auditors, legal representatives and to the competent courts to the extent this is necessary for Philips in connection with the enforcement of its rights hereunder. Further, Philips shall not use such information for other purposes than to verify Registered Manufacturer's compliance with its LSCD, royalty reporting and payment obligations as provided in this Registration Agreement and to enforce Philips' rights hereunder.

## **11. Term and Termination**

- 11.1 This Registration Agreement shall enter into force on the Effective Date. Unless terminated by either Party in accordance with the provisions of, this Registration Agreement shall remain in force until 31 December 2010 or such earlier time, as

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Initials Registered Manufacturer \_\_\_\_\_

Philips may offer to Registered Manufacturer a long-form registration agreement for the use of the Essential Patents in the manufacture of Selected Products, allowing for a 60-day grace period, or if such agreement would be offered after 1 November 2010, a grace period not exceeding the expiration date of 31 December 2010, during which period the provisions of this Registration Agreement will continue to apply.

Accordingly, after 31 December 2010, and unless this offer has been accepted by Registered Manufacturer by concluding such long-form registration agreement, Registered Manufacturer shall no longer be eligible to apply for a Per-Batch License without any further notice being required.

If Registered Manufacturer wishes to enter into the aforementioned long-form registration agreement, provided that Registered Manufacturer is in full compliance with its obligations under this Registration Agreement, Registered Manufacturer shall not be required to pay the registration fee specified in such long-form registration agreement.

- 11.2 Any failure by Registered Manufacturer to comply with the reporting and payment obligations set out in Clause 4, or the LSCD and logo requirements set out in Clauses 3 and 5, shall constitute a material breach of this Registration Agreement, entitling Philips to immediate termination.
- 11.3 Philips may further terminate this Registration Agreement forthwith by means of a written notice to Registered Manufacturer if:
- (a) a creditor or other claimant takes possession of, or a receiver, administrator or similar officer is appointed over any of the assets of Registered Manufacturer, or if Registered Manufacturer makes any voluntary arrangement with its creditors or becomes subject to any court or administration order pursuant to any bankruptcy or insolvency law;
  - (b) Registered Manufacturer has commenced legal proceedings involving or relating to the Essential Patents against Philips while such legal proceedings are continuing;
  - (c) Registered Manufacturer engages in any activity that has the object or effect of assisting in the manufacture, sale or other disposal of unlicensed products;
  - (d) any information provided by Registered Manufacturer to Philips pursuant to Clause 3.1 and Clause 3.3 is untrue.
- 11.4 Registered Manufacturer may terminate this Registration Agreement upon giving Philips 3 (three) months notice of its intention to terminate.
- 11.5 Without prejudice to the provisions of Clause 11.1 through Clause 11.4, each Party may terminate this Registration Agreement at any time by means of a written notice to the other party if the other party fails to perform any obligation under this Registration Agreement and such failure is not remedied within 30 (thirty) days after receipt of a notice specifying the nature of such failure and requiring it to be remedied. Such right of termination shall not be exclusive of any other remedies or means of redress to which the non-defaulting party may be lawfully entitled and all such remedies shall be

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cumulative. Any such termination shall not affect any royalty or other payment obligations under this Registration Agreement accrued prior to such termination.

- 11.6 Upon the termination of this Registration Agreement by Philips for any reason pursuant to Clause 11.2, 11.3, 11.4 and 11.5, Registered Manufacturer shall immediately cease the manufacture, sale or other disposal of Selected Products in which any one or more of the Essential Patents are used.

Upon termination of this Registration Agreement by Philips for any reason pursuant to Clause 11.2, 11.3, 11.4 and 11.5 hereof, any and all amounts outstanding under this shall become immediately due and payable.

Provided that (i) all Selected Products in stock have been properly reported in accordance with Clause 4.9; and (ii) the royalties due on such Selected Products in accordance with Clause 4.2 have been paid by Registered Manufacturer in accordance with Clause 4.9, Registered Manufacturer shall be entitled to sell such Selected Products within a period of 60 days following such expiration or termination.

Any such Selected Products sold within said 60 day-period shall be deemed to be licensed by Philips under this Registration Agreement. Any such Selected Products sold after said 60 day-period shall be deemed to be unlicensed.

If Philips does not receive the written report and corresponding payment within the 15 day period as specified in Clause 4.9, any and all Selected Products sold by Registered Manufacturer after expiration or termination of this Registration Agreement shall be deemed to be unlicensed.

## 12. Miscellaneous

- 12.1 Any notice required under this Registration Agreement to be sent by either party shall be given in writing by means of a letter, facsimile or electronic mail directed:

when intended for Registered Manufacturer, to:

when intended for Philips, to:

Koninklijke Philips Electronics N.V.  
c/o Philips Intellectual Property & Standards - Legal Department  
High Tech Campus 44  
P.O. Box 220  
5600 AE Eindhoven  
The Netherlands

Fax.+31 40 2743489

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

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12.2 Nothing contained in this Registration Agreement shall be construed:

- (a) as imposing on either party any obligation to instigate any action for infringement of any of the Essential Patents or the Registration Logo, or to defend any action brought by a third party which challenges or relates to the validity of any of these intellectual property rights;
- (b) as imposing any obligation to file any patent, trademark or copyright applications, to secure any patent, trademark or copyrights registrations, or to maintain any subsisting patent, trademark or copyright registrations;
- (c) as conferring any license or right to copy or imitate the appearance or design of any product of Philips or any of its Associated Companies;
- (d) as conferring any license to manufacture, sell or otherwise dispose of any product or device, or as transferring any title to any product or device; or
- (e) as being intended to prevent Registered Manufacturer from taking action against a third party using a Registration Number assigned by Philips to Registered Manufacturer

12.3 This Registration Agreement shall be governed by and construed in accordance with the laws of The Netherlands. Any dispute between the Parties in connection with this Registration Agreement (including any questions regarding its existence, validity or termination) shall be submitted to the competent courts of The Hague, The Netherlands, provided always that, in case Philips is the plaintiff, Philips may, at its sole discretion, submit any such dispute either to the competent courts in the venue of Registered Manufacturer's registered office, or to any of the competent courts in the country where Registered Manufacturer is located.

AS WITNESS, the duly authorized representatives of the Parties have executed this Registration Agreement in duplicate on the date first written above.

KONINKLIJKE PHILIPS ELECTRONICS N.V.

[[REGISTERED MANUFACTURER]]

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

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

Initials Philips \_\_\_\_\_

Initials Registered Manufacturer \_\_\_\_\_