

Reference copy

# Registration Agreement for BD-R SL Disc Manufacturers

Koninklijke Philips Electronics N.V.

and

[Registered Manufacturer]

**PHILIPS**

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# REGISTRATION AGREEMENT FOR BD-R SL DISC MANUFACTURERS

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

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

**Registered Manufacturer:** \_\_\_\_\_

**Registered Manufacturer's Registered Office Address:**

**Registered Manufacturer's Notice Address and Fax Number**

Address:

Fax Number:

**Country of Registration:** \_\_\_\_\_

**Jurisdiction of Governing Law:**

- The Netherlands   
(for all Countries of Registration other than the United States of America and the People's Republic of China)
- The State of New York, United States of America   
(when the Country of Registration is the United States of America)
- Hong Kong Special Administrative Region (SAR)   
(when the Country of Registration is the People's Republic of China)

**Court/s with Primary Jurisdiction:**

- The courts of The Hague, The Netherlands   
(for all Countries of Registration other than the United States of America and the People's Republic of China)
- The state courts located in the County of New York, New York and the United States District Court for the Southern District of New York   
(when the Country of Registration is the United States of America)
- Any competent court of the Hong Kong SAR   
(when the Country of Registration is the People's Republic of China)

**Arbitration in the Hong Kong SAR**

(when the Country of Registration is the People's Republic of China)

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# REGISTRATION AGREEMENT FOR BD-R SL DISC MANUFACTURERS

This Registration Agreement is entered into on the Effective Date by and between

**KONINKLIJKE PHILIPS ELECTRONICS N.V.**, having its registered office in Eindhoven, The Netherlands (hereinafter referred to as "Philips")

and

**REGISTERED MANUFACTURER**, having its registered office at Registered Manufacturer's Registered Office Address.

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 recordable format, which has been presented under the name BD-R System;

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

WHEREAS, Philips owns Essential Patents to the BD-R System and to the manufacture of BD-R SL Discs;

WHEREAS, Philips has created a batch-based licensing system based on registration by manufacturers and traders of BD-R SL Discs, enabling those manufacturers and traders who have registered with Philips to apply for licenses on a per-batch basis and to apply for LSCDs, 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 may obtain Per-Batch Licenses and LSCDs, the current form of the PBL Standard Terms and Conditions and an LSCD, the effects of a failure to comply with this Registration Agreement, and the conditions under which Philips may revise various aspects of the batch-based licensing system so as to maintain or improve the integrity of the system for manufacturers, traders and consumers of BD-R SL Discs;

WHEREAS, this Registration Agreement is not intended to cover BD-R DL Discs, in relation to which Registered Manufacturer may separately enter into a registration agreement with Philips in order to request and obtain Per-Batch Licenses and LSCDs;

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WHEREAS, to simplify cross-referencing with other agreements, there are some paragraph numbers in this Registration Agreement that are not used and that have accordingly been marked "SPARE".

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

# 1 Interpretation

## 1.1 Definitions

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

**"Application"** means a set of information relating to the matters listed in Clause 5.6, and submitted by Registered Manufacturer to Philips when applying for a Per-Batch License or an LSCD.

**"Application Number"** means a unique set of identification characters assigned by Philips to each Application.

**"Associated Company"**, in relation to either party, means any one or more business entities:

- (a) owned or controlled by that party;
- (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% 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 latter business entity) is directly or indirectly held by the owning or controlling business entity.

**"Audit Guidelines"** means the document entitled "Audit Guidelines", the current form of which is attached hereto as Annex G, as amended by Philips from time to time.

**"Authorized Employee"** means a person (authorized by the Visitor Administrator, as defined in Clause 5.16) who is authorized to perform certain actions on behalf of Registered Manufacturer including but not limited to (i) requesting and/or accepting Per-Batch Licenses and (ii) modifying or confirming the Manufacturing Equipment List.

**"Authorized Employee Manual"** means a 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.

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“**BD-R DL Disc**” means a dual layer recordable disc with a capacity of no more than 27 GBytes per layer, designed and manufactured for recording thereon digital information, and which conforms to the BD-R Format Specifications.

“**BD-R Format Specifications**” means the specifications for the Blu-ray Disc Recordable Format, as specified in Part 1 of the document "System Description Blu-ray Disc Recordable Format", Version 1.0, of July 2005, as modified or extended by the BDA from time to time.

“**BD-R SL Disc**” means a single layer recordable disc with a capacity of no more than 27 GBytes per layer, designed and manufactured for recording thereon digital information, and which conforms to the BD-R Format Specifications.

“**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 SL Discs and BD-R DL Discs.

“**Business Day**” means a Day that is:

- (a) not a Saturday or Sunday in The Netherlands; and
- (b) not a public holiday in The Netherlands; and
- (c) not on the same date as a public holiday in Hong Kong.

“**Confirmation Letter**” means an annual letter written by Registered Manufacturer confirming that all Shipments in the preceding calendar year were covered by an LSCD. The current form of the Confirmation Letter is attached hereto as Annex F, and may be amended by Philips from time to time.

“**Country of Registration**” means the country set out at the head of this Registration Agreement.

“**Court/s with Primary Jurisdiction**” means the court set out at the head of this Registration Agreement.

“**Day**” means, unless expressly provided otherwise, a calendar day in The Netherlands.

“**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.

“**Effective Date**” means the date set out at the head of this Registration Agreement.

“**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 April 1, 2008), the use of which is necessary, either directly or as a practical matter, for compliance with the BD-R Format Specifications, as published on the Website as Annex B. The expiry dates of the Essential Patents on a country by country basis are as specified in Annex B.

“**Grant Country(ies)**” means the country or countries specified as such in an application for a Per-Batch License or an LSCD.

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**“Internal Transfer”** means a physical transfer of BD-R SL Discs from one location to another within a single country, where Registered Manufacturer retains full ownership and control over the BD-R SL Discs. An Internal Transfer shall exclude a transfer of BD-R SL Discs by Registered Manufacturer:

- (a) to an Associated Company of Registered Manufacturer (even within the same country);
- (b) to Registered Manufacturer’s facilities in another country;
- (c) to any third party for the purpose of consignment, distribution or otherwise, if this third party exercises any control over the further distribution of the BD-R SL Discs; and
- (d) to any place or in any manner in which the BD-R SL Discs cannot be inspected upon request by Philips under Clause 15.

**“Jurisdiction of Governing Law”** has the meaning set out at the head of this Registration Agreement.

**“Licensed Status Confirmation Document”** or **“LSCD”** means a valid document entitled “Licensed Status Confirmation Document” or “LSCD”, or referring to itself in those terms, as explained in the Authorized Employee Manual which is available on the DISP. An LSCD may be issued by Philips to Registered Manufacturer, Other Registered Manufacturers, Registered Traders and Web-Registered Traders in relation to BD-R SL Discs identified in an Application, for the purpose of confirming that the relevant Shipment of those BD-R SL Discs is licensed in the Grant Country(ies) (as specified in the relevant application) under (a) the Essential Patents and/or (b) the Registration Logo.

**“Manufacturing Equipment List”** means a list of manufacturing equipment referred to under Clause 13 that Registered Manufacturer must complete and submit to Philips by electronic means, as 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.

**“Master Carton”** means the outer packaging unit of BD-R SL Discs, as used for transport and storage in accordance with normal industry practice. At the Effective Date, normal industry practice is based on use of one Master Carton for packing between 100 and 600 BD-R SL Discs.

**“Notice”** means a notice served in accordance with the requirements set out in Clause 25.5.

**“Other Registered Manufacturer(s)”** means a BD-R SL Disc manufacturer, other than Registered Manufacturer, that has entered into a “Registration Agreement for BD-R SL Disc Manufacturers” with Philips, where that agreement remains binding and in force.

**“Patents”** means granted and subsisting patents and any applications for patents.

**“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.

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**“Per-Batch License”** or **“PBL”** 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 the Registration Logo in the Grant Country(ies). 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. If the context so requires, “Per-Batch License” shall also mean any analogous license granted by Philips to any other party under, or substantially incorporating, the PBL Standard Terms and Conditions.

**“Philips”** has the meaning set out at the head of this Registration Agreement.

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

**“Registered Manufacturer”** has the meaning set out at the head of this Registration Agreement.

**“Registered Trader”** means a company, not being a manufacturer of BD-R SL Discs, that is engaged in the acquisition and sale of BD-R SL Discs and that has entered into a “Registration Agreement for BD-R SL Disc Traders” with Philips, where that agreement remains binding and in force.

**“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 or Other Registered Manufacturer for the purpose of identifying one unique production location of Registered Manufacturer or such Other Registered Manufacturer.

**“Royalty Reporting Form”** means a statement, required to be submitted by Registered Manufacturer under Clause 9.8, provided to Philips by electronic means, in a form as 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.

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

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

**“Shipment”** means:

- (a) a transfer of BD-R SL Discs from Registered Manufacturer to any third party (including an Associated Company of Registered Manufacturer), in which Registered Manufacturer had full control over such BD-R SL Discs prior to such transfer, and the relevant third party can exercise control over such BD-R SL Discs after such transfer (irrespective of whether the transfer involves a transfer of title);
- (b) a transfer of title (in whole or in part) in BD-R SL Discs from Registered Manufacturer to any third party (including an Associated Company of Registered Manufacturer);

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- (c) a transfer by Registered Manufacturer of BD-R SL Discs to any place or in any manner in which the BD-R SL Discs cannot be inspected upon request by Philips under Clause 15; and/or;
- (d) a transfer by Registered Manufacturer of BD-R SL Discs across national borders.

Without limiting the foregoing, the following transfers of BD-R SL Discs 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, if such third party exercises control over the further distribution of the BD-R SL Discs.

A Shipment shall exclude an Internal Transfer.

**“Standard Rate”** means the standard royalty rate of € 0.06 per BD-R SL Disc.

**“System Breach”** means any of the following:

- (a) Registered Manufacturer commences a Shipment in breach of Clause 4.2;
- (b) Registered Manufacturer manufactures BD-R SL Discs in breach of Clause 4.3(a);
- (c) Registered Manufacturer acquires BD-R SL Discs in breach of Clause 4.4;
- (d) Registered Manufacturer acquires BD-R SL Discs in breach of Clause 4.5, if the relevant inaccuracies or inconsistencies are material and are not reported by Registered Manufacturer to Philips within 14 Days of Registered Manufacturer becoming aware of them;
- (e) Registered Manufacturer includes a BD-R SL Disc in a Shipment in breach of Clause 4.6;
- (f) Registered Manufacturer is in breach of Clause 5.8;
- (g) Registered Manufacturer manufactures BD-R SL Discs in breach of Clauses 6.1 or 6.3;
- (h) Registered Manufacturer acquires BD-R SL Discs in breach of Clause 6.4;
- (i) Registered Manufacturer includes a BD-R SL Disc in a Shipment in breach of Clause 6.5;
- (j) Registered Manufacturer obtains or uses a Registration Number on false pretences, sells or offers to sell a BD-R SL Disc under a false, suspended or discontinued Registration Number, or uses a Registration Number after Notice from Philips to stop trading in such BD-R SL Discs using such Registration Number;
- (k) Registered Manufacturer manufactures BD-R SL Discs without having full ownership or control of them;
- (l) Registered Manufacturer commences a Shipment in breach of Clause 7.1;
- (m) Registered Manufacturer re-sells or otherwise disposes of a stamper for use in the manufacture of BD-R SL Discs to a third party;
- (n) an Application by Registered Manufacturer covers a BD-R SL Disc:
  - (i) not manufactured by Registered Manufacturer and not the subject of a license previously granted by Philips;
  - (ii) manufactured by Registered Manufacturer, if such manufacture is a breach of Clause 6.1 or 6.3 of this Registration Agreement; or
  - (iii) in respect of which Registered Manufacturer does not have full ownership and control;

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- (o) an Associated Company of Registered Manufacturer holds itself out as registered or licensed by virtue of its relationship with Registered Manufacturer or by virtue of this Registration Agreement;
- (p) Registered Manufacturer is in breach of Clauses 2.1, 2.3, 9.13, 12.2, 13.1, 13.2 or 13.3;
- (q) a third party (including an Associated Company of Registered Manufacturer) manufactures BD-R SL Discs using equipment located at Registered Manufacturer's facilities, and/or appearing on the Manufacturing Equipment List;
- (r) Registered Manufacturer fails promptly to notify Philips of the destruction, loss, theft, confiscation or other cessation of its control over BD-R SL Discs formerly controlled by Registered Manufacturer;
- (s) Registered Manufacturer engages in any activity that is designed to assist, or has the effect of assisting, Registered Manufacturer or any other entity in:
  - (i) the sale or other disposal of BD-R SL Discs that are not covered by an LSCD issued by Philips and that infringe any of the Essential Patents or Philips' rights in the Registration Logo; or
  - (ii) the non-payment or reduced payment of royalties relating to BD-R SL Discs, if such royalties would have been payable if the activities had been conducted in a bona fide commercial manner and at arm's length;
- (t) any other act or omission attributable to Registered Manufacturer or any of its Associated Companies, having as its object or effect the assistance of the circulation of BD-R SL Discs not licensed by Philips, if such circulation infringes, or would infringe, any of the Essential Patents;
- (u) any other act or omission attributable to Registered Manufacturer or any of its Associated Companies that is the subject of a Notice from Philips to Registered Manufacturer under Clause 11.7 and that has not been the subject of a Notice by Registered Manufacturer that satisfies both (a) and (b) in Clause 11.7.

**“System Change”** means a revision to any aspect of the Philips batch-based licensing system made in accordance with Clause 21.

**“Valid Claim”** means any claim of an issued and unexpired Patent within the Essential Patents that:

- (a) has not been held unenforceable, unpatentable or invalid by a decision of a court or governmental agency of competent jurisdiction, if such decision is either unappealable or unappealed within the time limits allowed for appeal; or
- (b) has not been expressly admitted by Philips to be invalid or unenforceable.

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

**“Web-Registered Trader”** means a person or entity that acquires or sells BD-R SL Discs and that is registered on the Website pursuant to the “Agreement to request a Licensed Status Confirmation Document” in order to be identified in an LSCD as a recipient of BD-R SL Discs.

**“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.

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- 1.2** Unless the context otherwise requires, any agreement with Philips that is referred to in this Registration Agreement by a phrase in quotation marks means an agreement to which Philips is a party, the title of which is or includes that phrase.
- 1.3** If there is any inconsistency between the definitions set out in this Clause 1 and the definitions set out in any Annex, then:
- (a)** for the purposes of construing this Registration Agreement, the definitions in this Clause 1 shall prevail; and
  - (b)** for the purposes of construing such Annex, the definitions set out in such Annex shall prevail.
- 1.4** Any Annex to this Registration Agreement shall take effect as if set out in this Registration Agreement and references to this Registration Agreement shall include its Annexes.

## 2 Registered Manufacturer's Associated Companies

- 2.1** Registered Manufacturer shall, promptly upon Philips' request, inform Philips of the names of all of its Associated Companies that are engaged in the manufacture or sale of BD-R SL Discs and the address of the relevant facilities. If Registered Manufacturer has provided such information to Philips pursuant to such a request, Registered Manufacturer shall thereafter inform Philips of any changes (whether or not material) relating to the information as provided.
- 2.2** Registered Manufacturer acknowledges and agrees that the successful operation of the batch-based licensing system depends on the full compliance of each entity that has entered into a "Registration Agreement for BD-R SL Disc Manufacturers" or a "Registration Agreement for BD-R SL Disc Traders" with its obligations under the relevant agreement. Accordingly, if:
- (a)** an Associated Company of Registered Manufacturer has committed a breach of its "Registration Agreement for BD-R SL Disc Manufacturers" or its "Registration Agreement for BD-R SL Disc Traders" (as appropriate) with Philips, and Philips terminates that agreement pursuant to any provision of that agreement that corresponds to any provision of Clause 24.4 (other than Clause 24.4(f)) hereof, Philips shall have the right to terminate this Registration Agreement; and
  - (b)** an Associated Company of Registered Manufacturer has committed a breach of its "Registration Agreement for BD-R SL Disc Manufacturers" or its "Registration Agreement for BD-R SL Disc Traders" (as appropriate) with Philips, and such breach gives Philips a right to terminate under any provision of that agreement that corresponds to Clause 24.4(f) hereof, Registered Manufacturer shall guarantee the payment of the relevant amounts specified in the notice to that Associated Company.

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- 2.3** Registered Manufacturer shall procure that each of its Associated Companies that is engaged in the manufacture or sale of BD-R SL Discs, or commences the manufacture or sale of BD-R SL Discs, but that has not entered into a "Registration Agreement for BD-R SL Disc Manufacturers" or a "Registration Agreement for BD-R SL Disc Traders" (as appropriate) with Philips, shall:
- (a) keep records of its manufacture and sale of BD-R SL Discs sufficient for an independent auditor to determine the number of BD-R SL Discs that such Associated Company has manufactured and/or sold, in which country/ies such manufacture and/or sale has occurred, and which of those BD-R SL Discs would infringe an Essential Patent without a license from Philips; and
  - (b) within 14 Days from a Notice by Philips, give a legally binding undertaking to Philips, that it shall cooperate as fully and willingly as Philips or its auditors may reasonably require for the purpose of confirming that neither it nor Registered Manufacturer is engaged in any activity that is designed to assist, or has the effect of assisting, Registered Manufacturer, the relevant Associated Company or any other entity in:
    - (i) the sale or other disposal of BD-R SL Discs that are not covered by an LSCD issued by Philips and that infringe any of the Essential Patents or Philips' rights in the Registration Logo; or
    - (ii) the non-payment or reduced payment of royalties relating to BD-R SL Discs, where such royalties would have been payable under an agreement with Philips if the activities had been conducted in a bona fide commercial manner and at arm's length,and for the purpose of assessing and collecting damages from such Associated Company for any infringement.

**2.4** SPARE

## 3 No License Granted

- 3.1** Registered Manufacturer acknowledges and agrees that no licenses or non-assert undertakings (other than the non-assert undertakings given in Clause 3.4) are granted under this Registration Agreement for the manufacture, importation, sale or other disposal of BD-R SL Discs and that any such licenses can only be granted by means of separate contracts in the form of Per-Batch Licenses. Registered Manufacturer acknowledges and agrees that Philips shall, subject to any Per-Batch Licenses that it may grant, and to the non-assert undertakings given by it in Clause 3.4, be entitled to take action for infringement of its patent rights, trademarks and copyrights, in relation to BD-R SL Discs manufactured, acquired, sold or otherwise disposed of by Registered Manufacturer in infringement of Philips' intellectual property rights.
- 3.2** Registered Manufacturer acknowledges and agrees that 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 and/or any Per-Batch License previously concluded with Philips;

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- (b) an Application for a Per-Batch License identifies as recipient a Registered Trader who, at the time of the relevant Application, is not in full compliance with its registration agreement with Philips, even if that Registered Trader has provided the appropriate confirmation under Clause 5.11;
- (c) an Application covers BD-R SL Discs 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 BD-R SL Discs have fallen due and payable but have not been paid;
- (d) an Application for a Per-Batch License identifies as recipient a third party who, at the time of the Application, has commenced legal proceedings involving or relating to the Essential Patents against Philips or any of Philips' Associated Companies while such legal proceedings are continuing;
- (e) an Application for a Per-Batch License identifies as recipient a third party against whom, at the time of the Application, Philips or any of Philips' Associated Companies has commenced legal proceedings involving or relating to the Essential Patents while such legal proceedings are continuing;
- (f) an Application for a Per-Batch License identifies as recipient a third party who, at the time of the Application, has an acknowledged debt resulting from the use of the Essential Patents.

In case of Clauses 3.2 (d), (e) and (f) Philips will provide Registered Manufacturer, upon its request, with details for the denial of the grant of a Per-Batch License and/or the issuance of an LSCD.

- 3.3 Registered Manufacturer acknowledges and agrees that Philips has not granted and will not grant Registered Manufacturer any license in relation to BD-R SL Discs other than by granting a Per-Batch License for those BD-R SL Discs pursuant to an Application, and therefore that Registered Manufacturer's manufacture of such BD-R SL Discs will be done without Philips' consent and will remain without Philips' consent unless and until such BD-R SL Discs have become the subject of a duly and properly granted Per-Batch License.
- 3.4 For the duration of this Registration Agreement and subject to Registered Manufacturer's full and timely compliance with all of its undertakings and obligations under this Registration Agreement, Philips undertakes to hold off, until the relevant BD-R SL Discs are included in a Shipment, from taking action for infringement of its patent rights, trademarks and copyrights in relation to BD-R SL Discs manufactured by Registered Manufacturer in the Country of Registration.
- 3.5 Registered Manufacturer acknowledges and agrees that nothing in this Registration Agreement nor in any Per-Batch License that may be granted by Philips shall grant any rights in relation to:
  - (a) master recording machines, equipment or methods for the manufacture of BD-R SL Discs; or
  - (b) the manufacture or sale of materials or reproduction rights for information (including audio, video, text or other data) contained on discs to be played back or recorded on a player or a recorder.

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## 4 Per-Batch Licenses and LSCDs

### BD-R SL Discs manufactured by Registered Manufacturer

- 4.1** Registered Manufacturer shall request, by making an Application on the DISP, a Per-Batch License and an LSCD for all BD-R SL Discs manufactured by Registered Manufacturer that it proposes to include in a Shipment.
- 4.2** 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 of the mandatory data required for the issuance of an LSCD are missing at the time of the Application, such data shall be provided by Registered Manufacturer within 5 days after the requested date of release of the LSCD, or one day before the Shipment arrives, whichever is earlier. In the event that Registered Manufacturer fails to provide Philips with the mandatory data required for the issuance of an LSCD, as specified in Clause 5.6 hereunder, no Per-Batch License will be granted and no LSCD will be issued in respect of the BD-R SL Discs included in the Shipment. Such BD-R SL Discs are therefore not licensed.
- 4.3** Registered Manufacturer shall not:
- (a)** manufacture BD-R SL Discs in a country in respect of which it has not entered into a "Registration Agreement for BD-R SL Disc Manufacturers" with Philips; or
  - (b)** permit any third party (including an Associated Company of Registered Manufacturer) to manufacture BD-R SL Discs using equipment located at Registered Manufacturer's facilities, and/or appearing on the Manufacturing Equipment List.

### BD-R SL Discs sourced from third parties

- 4.4** Registered Manufacturer shall not acquire any BD-R SL Discs in relation to which Philips has not granted rights under the Essential Patents and the Registration Logo. Such rights may be evidenced only by an LSCD that identifies Registered Manufacturer as the recipient of such BD-R SL Discs.
- 4.5** Registered Manufacturer shall not acquire any BD-R SL Discs without first verifying the existence of, and the accuracy of the information in, an LSCD that identifies Registered Manufacturer as the recipient of those BD-R SL Discs, and that evidences the grant of the license of the Essential Patents and the Registration Logo in relation to those BD-R SL Discs. Registered Manufacturer shall promptly report to Philips any inaccuracies on the LSCD, or any inconsistencies between the LSCD and the actual dealings in the BD-R SL Discs to which the LSCD relates.
- 4.6** Prior to including any BD-R SL Discs acquired from a third party in a Shipment, Registered Manufacturer shall verify the territorial scope of the licenses under the Essential Patents (if any) and the Registration Logo with respect to such BD-R SL Discs.

If the Shipment by Registered Manufacturer to the country of destination without the grant of an additional license for such country would not infringe an Essential Patent or Philips' rights in the Registration Logo, Registered Manufacturer shall request and obtain an LSCD for

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such Shipment, if such LSCD identifies Registered Manufacturer as the applicant, prior to including such BD-R SL Discs in a Shipment;

If the Shipment by Registered Manufacturer to the country of destination without the grant of an additional license for such country would infringe an Essential Patent or Philips' rights in the Registration Logo, Registered Manufacturer shall request and obtain a Per-Batch License for such Shipment prior to including such BD-R SL Discs in a Shipment.

### Limited Territorial Grant

- 4.7** 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.

Philips may, in its sole discretion, grant a Per-Batch License for intermediate countries of transport in connection with a Shipment for which Registered Manufacturer submitted an Application for a Per-Batch License, upon Registered Manufacturer requesting, and demonstrating to Philips a commercial necessity for, such grant.

### Misrepresentations

- 4.8** If an LSCD was issued following a misrepresentation to Philips by Registered Manufacturer:
- (a)** the LSCD and any Per-Batch License that was granted therewith shall be void ab initio; and
  - (b)** if Registered Manufacturer proves to Philips' reasonable satisfaction that the misrepresentation was attributable to Registered Manufacturer's inadvertent error and that Registered Manufacturer promptly gave Philips Notice of the misrepresentation upon its discovery, Philips may by Notice offer Registered Manufacturer an opportunity to make a replacement Application. Philips shall not unreasonably withhold or delay making such an offer.

In any offer under this Clause 4.8(b), Philips may specify reasonable conditions applying to that offer, which may include, without limitation:

- (i)** a reasonable time during which the offer must be accepted;
- (ii)** a requirement that Registered Manufacturer implements general or specified measures to prevent the occurrence of similar misrepresentations; and
- (iii)** provisions for Registered Manufacturer to make a payment to Philips to cover Philips' losses and expenses caused by the misrepresentation.

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## 5 Methods and Information Required for Making an Application

- 5.1** Registered Manufacturer shall submit Applications using an application as made available on the DISP provided by Philips. This application 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.
- 5.2** Automatic Processing: Upon receipt of an Application, Philips shall send an electronic confirmation to Registered Manufacturer confirming the receipt of the Application, and assigning an Application Number.
- 5.3** Manual Processing: Upon reviewing an Application for a Per-Batch License, without prejudice to Philips' right to refuse to grant a Per-Batch License pursuant to Clauses 3.2, 5.11 and 5.13, or Philips' right to request additional documents pursuant to Clause 5.7, Philips shall offer to enter into a Per-Batch License with Registered Manufacturer. Upon an affirmative act of acceptance (by clicking an "I Accept" button or such other instrument as designated by Philips), Registered Manufacturer shall be deemed to have accepted the offer, creating a binding contract on the conditions set out in the Per-Batch License, for the Shipment of the BD-R SL Discs by Registered Manufacturer in the Grant Country(ies).
- 5.4** Registered Manufacturer shall use the highest degree of care to ensure the accuracy of all information submitted to Philips pursuant to Clauses 5.6 and 5.7.
- 5.5** Registered Manufacturer shall be liable to pay all royalties due under Clause 9.3 for all Per-Batch Licenses:
- (a) issued through the computer-to-computer interface on the DISP; and
  - (b) accepted through the manual interface on the DISP.
- 5.6** Registered Manufacturer shall complete the Application which may include the following information:
- (a) the Registration Number(s) embedded in the BD-R SL Discs in the proposed Shipment, and the quantity and type of BD-R SL Discs relating to each Registration Number;
  - (b) the requested date of release of the LSCD;
  - (c) if BD-R SL Discs are accompanied by a printed label, the brand name printed on that label, or "blank" in the absence of a brand name;
  - (d) information to identify the recipient of the proposed Shipment;
  - (e) the country of destination of the proposed Shipment;
  - (f) information to identify the customer, if the customer is not the same as the recipient;
  - (g) the estimated date of arrival of the Shipment;
  - (h) the number of any invoice issued, or to be issued, by Registered Manufacturer in relation to the proposed Shipment;

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- (i) whether the BD-R SL Discs will be transferred by way of container, ship, road, rail, air, courier or other method and, depending on these methods, the Shipment details such as container number or waybill number;
  - (j) for BD-R SL Discs acquired by Registered Manufacturer from a third party, the Registration Number assigned to the manufacturer of these BD-R SL Discs, and the number of the LSCD granted to that third party in relation to its transfer of the relevant BD-R SL Discs to Registered Manufacturer; and
  - (k) the number on the Serial Number Label.
- 5.7** Philips may at any time, irrespective of whether a Per-Batch License has been granted or whether an LSCD has been issued, require Registered Manufacturer to provide any one or more of the following documents or information in relation to an Application for a Shipment by Registered Manufacturer:
- (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 if such form is required;
  - (g) the packing list;
  - (h) the identification number of the LSCD identifying Registered Manufacturer as the recipient of any BD-R SL Discs 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.
- 5.8** If Philips has requested Registered Manufacturer to provide a document or information under Clause 5.7, Registered Manufacturer shall provide the relevant document or information to Philips within 4 days upon Registered Manufacturer's receipt of such request.
- 5.9** If any information provided by Registered Manufacturer under Clause 5.7 is materially inconsistent with the information contained in the relevant Application, Philips may revoke any Per-Batch License or LSCD granted to Registered Manufacturer in relation to the relevant Shipment.
- 5.10** Philips shall grant a Per-Batch License or issue an LSCD pursuant to an Application made by Registered Manufacturer, if Registered Manufacturer has fully complied with all its obligation under this Registration Agreement.
- 5.11** If Registered Manufacturer submits an Application for a Per-Batch License identifying a Registered Trader as the recipient of BD-R SL Discs contained within the proposed Shipment, Philips may request such Registered Trader to confirm that:
- (a) it shall be the recipient of such BD-R SL Discs; and

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- (b) it shall be liable for all royalties due for such BD-R SL Discs.

Philips shall not request such confirmation in relation to BD-R SL Discs for which an LSCD has previously been issued.

Philips may refuse to grant a Per-Batch License or issue an LSCD to Registered Manufacturer if such Registered Trader denies the correctness of (a) or (b), does not provide Philips with such confirmation within one Day of it being requested by Philips, or provides Philips with incomplete or incorrect information.

- 5.12 Registered Manufacturer acknowledges and agrees that Philips may make available Internet-based tools for third parties to verify the authenticity of LSCDs (or documents that purport to be LSCDs), or otherwise to determine the licensed status of Shipments of BD-R SL Discs.
- 5.13 In addition to Clause 3.2, Philips may refuse to grant a Per-Batch License or issue an LSCD to Registered Manufacturer if:
  - (a) the information provided by Registered Manufacturer in an Application pursuant to Clause 5.6 is incomplete or incorrect; or
  - (b) the additional information provided pursuant to Clause 5.7 is incomplete or incorrect, in the event that a Per-Batch License has not been granted or an LSCD has not been issued to Registered Manufacturer.
- 5.14 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 BD-R SL Discs. Registered Manufacturer further acknowledges that the sale of BD-R SL Discs without an LSCD may lead to claims against Registered Manufacturer, or against recipients of such BD-R SL Discs, for damages and/or injunctions on the basis of patent, trade mark and/or copyright infringement.
- 5.15 While Philips shall use commercially reasonable efforts to make the DISP available 24 hours per day and 7 days per week, it shall be entitled to take the DISP off-line for 3 hours per week for maintenance and for as many hours as is reasonably required in order to address unforeseen disruptions in the operation of the DISP.
- 5.16 Registered Manufacturer shall assign, by giving Notice to Philips, the current form of which is set out in Annex K, 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 Notice of such appointment in writing to Philips. Any Notice under this Clause 5.16 shall specify the Visitor Administrator's name and e-mail address. The Visitor Administrator must register him/herself by using the DISP.

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## 6 Registration Logo and Registration Number

- 6.1** Registered Manufacturer shall, in each BD-R SL Disc that it manufactures, embed the Registration Logo in accordance with the Veeza Logo Guide.
- 6.2** Registered Manufacturer shall obtain from Philips a Registration Number for each of Registered Manufacturer's manufacturing plants.
- 6.3** Registered Manufacturer shall, in each BD-R SL Disc that it manufactures and in accordance with the Veeza Logo Guide, embed the Registration Number assigned to the manufacturing plant at which the BD-R SL Disc was manufactured.
- 6.4** Registered Manufacturer shall not acquire any BD-R SL Disc unless it:
- (a)** bears the Registration Logo and the Registration Number assigned to the plant at which the BD-R SL Disc was manufactured; and
  - (b)** was enclosed, upon acquisition by Registered Manufacturer, in a Master Carton on which a unique Serial Number Label had been placed in accordance with the Serial Number Guide.
- 6.5** Registered Manufacturer shall not include in any Shipment a BD-R SL Disc that does not bear the Registration Logo and the Registration Number assigned to the plant at which the BD-R SL Discs were manufactured (each displayed in accordance with the Veeza Logo Guide), whether that Registration Number was allocated to Registered Manufacturer or to an Other Registered Manufacturer.
- 6.6** Registered Manufacturer acknowledges and agrees that:
- (a)** the proper placement of the Registration Logo and the appropriate Registration Number on BD-R SL Discs shall be a condition precedent to the grant of a Per-Batch License and/or the issuance of an LSCD in relation to such BD-R SL Discs;
  - (b)** Philips will rely on Registered Manufacturer's representation and undertaking in Clause 6.6(a) when considering whether to grant a Per-Batch License or issue an LSCD to Registered Manufacturer;
  - (c)** BD-R SL Discs that Registered Manufacturer:
    - (i)** manufactures in breach of Clause 6.1 or 6.3;
    - (ii)** acquires in breach of Clause 6.4; or
    - (iii)** includes in a Shipment in breach of Clause 6.5,are not licensed, and any Per-Batch License granted or LSCD issued by Philips in relation to such BD-R SL Discs will be void ab initio.
- 6.7** Registered Manufacturer acknowledges and agrees that all rights in the Registration Logo are, and shall remain, proprietary rights of Philips. Registered Manufacturer further acknowledges and agrees that any Shipment that includes BD-R SL Discs in which the Registration Logo has been embedded other than in accordance with the Veeza Logo Guide will have occurred without Philips' consent (irrespective of whether a Per-Batch License has been granted) and may constitute an infringement of Philips' intellectual property rights.

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- 6.8** Registered Manufacturer shall promptly inform Philips of any claim of infringement relating to the Registration Logo received by Registered Manufacturer or any of its Associated Companies.
- 6.9** Philips may instruct Registered Manufacturer to discontinue use of the Registration Logo permanently or until further notice, or to use such other logo as Philips may specify. Registered Manufacturer shall implement such instructions promptly. Philips will only issue such instructions in response to a risk, assertion or claim of infringement in respect of the Registration Logo, and will not issue any instructions that are unreasonable.
- 6.10** Registered Manufacturer acknowledges and agrees that, except as expressly provided in Clause 3.4, no right to use the Registration Logo is granted under this Registration Agreement. Unless otherwise granted by Philips to a supplier of Registered Manufacturer, as evidenced by an LSCD issued by Philips to such supplier, Registered Manufacturer may only use the Registration Logo on BD-R SL Discs, and on retail packaging in which such BD-R SL Discs are packaged, pursuant to a Per-Batch License relating to the BD-R SL Discs concerned.

## Trademarks

- 6.11** If Registered Manufacturer makes use of the Registration Logo, it 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.
- 6.12** Without limiting the foregoing, Registered Manufacturer may not affix, append, place or displace any trademark, trade name, logo or other sign, which is in close proximity to the Registration Logo on the BD-R SL Discs in a manner that results or could possibly result in the creation of a unitary composite mark.
- 6.13** 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 trademarks, in relation to BD-R SL Discs manufactured, acquired, sold or otherwise disposed of by Registered Manufacturer in infringement of Philips' intellectual property rights.
- 6.14** 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.
- 6.15** Registered Manufacturer agrees that upon the termination of this Agreement, it will cease using or displaying the Registration Logo.

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## 7 Serial Number Labels

- 7.1** Registered Manufacturer shall not commence a Shipment in relation to which Registered Manufacturer is required to obtain a Per Batch License pursuant to Clause 4.1 unless and until all BD-R SL Discs included in that Shipment are enclosed in a Master Carton on which a Serial Number Label has been placed in accordance with the Serial Number Guide.
- 7.2** Registered Manufacturer acknowledges and agrees that:
- (a)** the proper placement of the appropriate Serial Number Label on a Master Carton in accordance with Clause 7.1 shall be a condition precedent to the grant of a Per-Batch License and the issuance of an LSCD in relation to such BD-R SL Discs;
  - (b)** Philips will rely on Registered Manufacturer's representation and undertaking in Clause 7.2(a) when considering whether to grant a Per-Batch License or issue an LSCD to Registered Manufacturer; and
  - (c)** BD-R SL Discs included in a Shipment in breach of Clause 7.1 are not licensed, and any Per-Batch License granted or LSCD issued by Philips in relation to a Shipment of such BD-R SL Discs shall be void ab initio.
- 7.3** If BD-R SL Discs are already packed in Master Cartons with Serial Number Labels, in full compliance with the requirements of this Clause 7, nothing in this Clause 7 shall oblige Registered Manufacturer to repackage them.
- 7.4** Registered Manufacturer acknowledges and agrees that, in order to meet the requirement to place Serial Number Labels on Master Cartons as set out in Clause 7.1, it shall be Registered Manufacturer's own responsibility to ensure that it has sufficient quantities of Serial Number Labels in stock to meet with the requirement to place Serial Number Labels on all Master Cartons and cope with disruptions in the supply of Serial Number Labels, as may occur in the normal course of business.
- If the entity engaged by Philips to supply Serial Numbers Labels fails to supply Serial Number Labels to Registered Manufacturer in a timely manner, as specified in Annex 1, Registered Manufacturer shall give Notice to Philips. Upon receiving such Notice, Philips may temporarily waive the requirement to place Serial Number Labels on Master Cartons as set out in Clause 7.1, provided that Registered Manufacturer demonstrates to Philips' satisfaction that it has taken reasonable care to order such Serial Number Labels in a timely manner, that it has kept Serial Number Labels in stock in sufficient quantities, and that it is in full compliance with its obligations under the agreement with the supplier concerning the supply of Serial Number Labels.

## 8 Registration Fee

- 8.1** Registered Manufacturer shall, upon execution of this Registration Agreement, pay Philips a non-refundable, non-recoupable registration fee of €10,000. This registration fee covers the initial term of this Registration Agreement, and not any extension of renewal thereof.

**8.2** SPARE

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8.3 SPARE

8.4 SPARE

## 9 Royalty Payments, Invoicing and Reporting

9.1 If and when a Per-Batch License is granted by Philips to Registered Manufacturer, the following payment terms and invoicing processes shall apply. For the avoidance of doubt, Registered Manufacturer's liability to pay royalties accrues under a Per-Batch License in consideration of the rights granted therein, and any payment terms and invoicing processes set out in this Registration Agreement, insofar as they relate to Per-Batch Licenses, are specified in this Registration Agreement rather than in each Per-Batch License only for convenience.

9.2 The royalty rate payable in respect of each BD-R SL Disc covered by a Per-Batch License for which royalties are payable by Registered Manufacturer shall be the Standard Rate.

9.3 Registered Manufacturer shall pay a royalty for each BD-R SL Disc that it:

- (a) manufactures and includes in a Shipment, except for any BD-R SL Discs for which a Registered Trader has provided the confirmation required in Clause 5.11;
- (b) acquires from a third party and includes in a Shipment, except for any BD-R SL Discs for which Registered Manufacturer, in its Application relating to such BD-R SL Discs, has identified an LSCD specifying Registered Manufacturer as the recipient of the BD-R SL Discs concerned.

9.4 SPARE

9.5 SPARE

9.6 For the avoidance of doubt, no royalties shall accrue solely as a result of an Internal Transfer.

9.7 Royalties shall become due immediately upon the grant of a Per-Batch License, irrespective of whether the proposed Shipment actually takes place as contemplated by the relevant Application, or whether it takes place at all. If a Shipment subject to a Per-Batch License actually takes place in a manner that differs in any respect from the Shipment as contemplated in the relevant Application, Registered Manufacturer shall give Notice to Philips identifying such difference.

9.8 Within 7 days following the end of each calendar month, Registered Manufacturer shall submit to Philips (irrespective of whether any Shipments of BD-R SL Discs have occurred) a Royalty Reporting Form for royalties that have fallen due under this Clause 9 in the previous calendar month or earlier. Except as otherwise provided in this Registration Agreement, Registered Manufacturer shall pay to Philips the sum, stated to be due in the Royalty Reporting Form, no later than 30 Days after the end of each monthly reporting period.

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- 9.9** All payments to be made by Registered Manufacturer to Philips under this Registration Agreement or under any Per-Batch License shall be made in Euros or in such other currency as may be designated by Philips from time to time.
- 9.10** All payments to be made by Registered Manufacturer to Philips under this Registration Agreement or under any Per-Batch License shall be made without any deduction whatsoever (except for the tax deduction specified in Clause 9.11), whether for bank transmission charges or otherwise, by wire transfer to:

Bank account no.:	8923019
Name:	Koninklijke Philips Electronics N.V.-Licenses
Bank:	Citibank N.A., London
Swiftcode:	CITIGB2L
IBANcode:	GB61CIT118500808923019.
Sortcode:	18 50 08

or such other bank account as Philips may designate from time to time.

- 9.11** All costs, stamp duties, taxes (including but not limited to business taxes, value added taxes, income 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 income taxes to be withheld from 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 outside The Netherlands. If such tax receipts are not provided promptly, Philips reserves the right to treat the undocumented deductions as unpaid royalties due which will become subject to the provisions of this Agreement.
- 9.12** Registered Manufacturer shall submit to Philips, within 90 Days after the end of each calendar year, irrespective of whether any Shipments of BD-R SL Discs have occurred, a Confirmation Letter for the preceding calendar year in the form set out in Annex F, and signed by a duly authorized officer on behalf of Registered Manufacturer.
- 9.13** Registered Manufacturer shall submit to Philips, within 90 Days after the end of each calendar year, irrespective of whether any Shipments of BD-R SL Discs have occurred, an assurance report prepared by its external auditors confirming that:
- (a) the Per-Batch Licenses granted and LSCDs issued for the preceding calendar year correspond accurately with all Shipments made by Registered Manufacturer in the preceding calendar year;
  - (b) all royalty payments made by Registered Manufacturer in the preceding calendar year correspond accurately with the royalty payments which have fallen due under this Registration Agreement in the preceding calendar year; and
  - (c) the Confirmation Letters provided by Registered Manufacturer under Clause 9.12 are true, accurate and complete in all material respects.

The assurance report must meet the requirements set out in the Audit Guidelines. Notwithstanding any assurance report provided by Registered Manufacturer, Philips reserves the right to inspect the books and records of Registered Manufacturer from time to time in accordance with Clause 12.

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

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

## 10 Remedies for Non-Payment and Late Payment of Royalties

- 10.1** Any payment that becomes due, either under this Registration Agreement or under any Per-Batch License that has been granted, and that is not made in full when due, shall accrue interest at the rate of 2% per month (or part thereof) or at the maximum rate permitted by law, whichever is lower, until the moment that 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.
- 10.2** SPARE
- 10.3** SPARE
- 10.4** For any non-payment or late payment of royalties, Registered Manufacturer acknowledges and agrees that Philips, without waiving any other remedy, shall be entitled to:
- (a)** suspend granting any Per-Batch Licenses or issuing any LSCDs until Registered Manufacturer is in full compliance with its obligations under this Registration Agreement;
  - (b)** serve a Notice specifying such non-payment or late payment and requiring it to be remedied within 30 Days.
- 10.5** If a Notice has been issued by Philips specifying non-payment or late payment of royalties, and Registered Manufacturer remedies such non-payment or late payment within 30 Days from the date of issuance of such Notice, Philips shall end the suspension imposed under Clause 10.4(a) from the date of such remedy. Notwithstanding the foregoing, from the date of the issuance of such Notice by Philips, Philips may at any time require security for the payment of royalties as a condition to the grant of Per-Batch Licenses and/or issuance of LSCDs (irrespective of whether the Notice has been complied with). Any security required by Philips shall be given in a manner and in an amount as specified by Notice from Philips to Registered Manufacturer. Such security shall be held in an interest-bearing account and, subject to this Clause 10.5, for the benefit of Registered Manufacturer. Philips may draw funds from the said account for the payment of royalties due by Registered Manufacturer under this Registration Agreement and shall account to Registered Manufacturer for any interest that accumulates. Philips may account for interest by crediting the said interest to the said account. When the giving of security is considered by Philips to be no longer appropriate, Philips shall return control over the funds in the interest-bearing account to Registered Manufacturer.

## 11 Liquidated Damages

- 11.1** Registered Manufacturer:
- (a)** acknowledges and agrees that any System Breach by it can:
    - (i)** contribute to competitive distortions or concerns of unfair competition;

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- (ii) erode confidence in Philips' batch-based licensing system; and/or
- (iii) encourage System Breaches and discourage compliance with Philips' batch-based licensing system

among manufacturers, traders and purchasers of BD-R SL Discs, causing substantial direct and indirect loss to Philips, which loss is impossible to quantify accurately;

- (b) recognizes the value of the licenses under the Essential Patents which are granted by Philips under Per-Batch Licenses, and recognizes that Other Registered Manufacturers and Registered Traders pay royalties in return for the right to use those Essential Patents; and
- (c) recognizes that Philips incurs substantial costs in investigating, detecting and acting against System Breaches.

**11.2** Registered Manufacturer shall take all measures necessary to avoid the occurrence of a System Breach.

**11.3** In the event of a System Breach, and subject to Clause 11.6, Registered Manufacturer shall, immediately upon receipt of Notice from Philips alleging a System Breach, be liable to pay Philips:

- (a) a non-refundable sum of €100,000 per event constituting a System Breach; and
- (b) €0.12 per BD-R SL Disc the subject of a System Breach, less any royalties already paid for such BD-R SL Discs.

Registered Manufacturer acknowledges and agrees that said payments represent a fair assessment of the damage Philips is likely to suffer as a result of any System Breach by Registered Manufacturer.

**11.4** Registered Manufacturer may, immediately upon receipt of a Notice under Clause 11.3, give Notice to Philips that Registered Manufacturer has committed a further System Breach or System Breaches, specifying the nature of the System Breach or System Breaches, the number of BD-R SL Discs concerned, and any other parties involved. Each System Breach that is the subject of such Notice shall be considered to be part of the same single System Breach for the purpose of Clause 11.3.

**11.5** Any payments made pursuant to Clause 11.3 shall not prejudice Philips' rights to terminate this Registration Agreement immediately, in accordance with the provisions of Clause 24.4.

**11.6** No damages shall be payable under Clause 11.3, if Registered Manufacturer can prove each of the following elements to Philips' reasonable satisfaction within 30 Days after receipt of a Notice under Clause 11.3:

- (a) Registered Manufacturer could not have anticipated the System Breach;
- (b) Registered Manufacturer made all reasonable endeavors to avoid the occurrence of the System Breach;
- (c) the System Breach has not resulted, and will not result, in any substantial loss to Philips;
- (d) the System Breach was not a breach of such a nature that it will give rise to a loss of confidence in Philips' batch-based licensing system; and
- (e) the circumstances giving rise to the System Breach no longer exist.

For the avoidance of doubt, if Registered Manufacturer proves each of these elements to Philips' reasonable satisfaction, any royalties payable by Registered Manufacturer for

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

BD-R SL Discs in relation to which the System Breach was committed shall remain payable in accordance with the provisions of Clause 9. If a number of System Breaches are the subject of a Notice under Clause 11.4, Registered Manufacturer shall be required to prove each of the elements in this Clause 11.6 in relation to each System Breach the subject of such Notice.

- 11.7** Philips may provide Notice to Registered Manufacturer from time to time that it considers that certain acts or omissions (in addition to those set out in Clause 1.1) fall within the definition of a System Breach. If, following the issuance of such a Notice, Registered Manufacturer commits an act or omission described in the Notice, that act or omission shall be deemed to be a System Breach unless:
- (a) Registered Manufacturer provides Notice to Philips within 30 Days of the date of Philips' Notice, setting out circumstances in which that act or omission could legitimately occur and explaining why Registered Manufacturer considers that it would be inappropriate to regard such act or omission as a System Breach; and
  - (b) it would be unreasonable for Philips not to accept the explanation set out in a Notice provided by Registered Manufacturer under Clause 11.7(a).

## 12 Right to Audit

- 12.1** In order to verify:
- (a) the completeness and accuracy of the number of BD-R SL Discs included in Shipments by Registered Manufacturer and reported to Philips by means of Applications for Per-Batch Licenses and LSCDs;
  - (b) the completeness and accuracy of the number of BD-R SL Discs on which royalties are or have been payable by Registered Manufacturer; and
  - (c) Registered Manufacturer's compliance with other provisions of this Registration Agreement,

Registered Manufacturer shall permit Philips to inspect all books and records of Registered Manufacturer in accordance with this Clause 12 upon Notice from Philips requiring such inspection.

- 12.2** Registered Manufacturer shall maintain complete and accurate books and records and shall keep such books and records available for inspection by Philips for a period of 5 years following each Shipment to which the books or records relate. Registered Manufacturer shall ensure that a full copy of such books and records remains available for inspection by Philips at all times notwithstanding any seizure, removal or destruction or other event concerning them. Any inspection under this Clause 12 shall be initiated by Philips no more than once per calendar year and shall be conducted by a certified public auditor appointed by Philips. Philips shall give Registered Manufacturer Notice of such inspection at least 7 Days prior to the inspection. Registered Manufacturer shall promptly and fully co-operate and provide unfettered access to its books and records and provide all assistance that Philips and/or its auditor may require in connection with such inspection, including allowing auditors to make copies of all documents, and to remove such documents from Registered Manufacturer's premises (or any other premises at which the documents are held by Registered Manufacturer) to enable the auditor to prepare and support its report.

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

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

- 12.3** The inspection referred to in this Clause 12 shall be conducted at Philips' own expense, except that such expense shall be borne by Registered Manufacturer if the inspection determines that:
- (a)** Registered Manufacturer has failed to:
    - (i)** pay all, or any part of, the royalties due by the date due; or
    - (ii)** submit a yearly written statement by its external auditors, as provided for in Clause 9.13, in respect of any part of the period to which the inspection relates; or
    - (iii)** comply with its obligations under Clause 12.2; or
  - (b)** the auditor certifies that there is a discrepancy or error by way of underpayment of at least €5,000 and at least 3% of the monies actually due during the period under inspection.
- 12.4** If the inspection determines that an underpayment of at least €5,000 and at least 3% of the monies actually due occurred during the period under inspection, and Philips gives Notice of such underpayment to Registered Manufacturer, Registered Manufacturer shall be liable for royalties at the Standard Rate for each BD-R SL Disc for which royalties have not been previously paid. Registered Manufacturer shall also be liable for interest calculated in accordance with the provisions of Clause 10.1.
- 12.5** Payment of the cost of inspection and of additional royalties pursuant to this Clause 12 shall be without prejudice to any other claim or remedy that Philips may have under this Registration Agreement, including, without limitation, Philips' right to terminate this Registration Agreement, or under any applicable law.

## 13 Manufacturing Equipment List

- 13.1** Upon execution of this Registration Agreement, Registered Manufacturer shall submit to Philips a Manufacturing Equipment List, listing all of Registered Manufacturer's equipment which is used, or which is technically capable of being used, for the manufacture of BD-R SL Discs, and the facilities at which such equipment is or may be located, as at the Effective Date.
- 13.2** Upon any acquisition, transfer, movement, removal, replacement or exchange of mold or disposal of manufacturing equipment used by Registered Manufacturer and its Associated Company(ies) for the manufacture of BD-R SL Discs, Registered Manufacturer shall submit to Philips details of any such adjustment(s). Further, Registered Manufacturer shall, at least on a yearly basis and simultaneously with the submission of an assurance report pursuant to Clause 9.13, submit to Philips a revised Manufacturing Equipment List, signed by a certified public auditor.
- 13.3** Registered Manufacturer shall manufacture BD-R SL Discs only using equipment properly identified in the Manufacturing Equipment List.
- 13.4** If Registered Manufacturer ceases manufacture of BD-R SL Discs, Registered Manufacturer shall immediately inform Philips of such cessation.

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

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

## 14 Samples

- 14.1** Within 30 days from a written request from Philips, Registered Manufacturer shall submit to Philips the requested amount of samples from each production line and each mold of manufacturing equipment used for the production of BD-R SL Discs. Each such sample BD-R SL Disc shall be:
- (a) marked in accordance with the sampling and marking instructions provided by Philips; and
  - (b) adequately packaged and shipped to the address as specified in the written request, together with a copy of the written request.

## 15 Access to Facilities

Registered Manufacturer shall, upon request from Philips, give Philips' representatives immediate and unfettered access to, and allow Philips' representatives to inspect the manufacturing equipment to verify the accuracy and truthfulness of the Manufacturing Equipment List and to take samples of BD-R SL Discs from, all of its facilities where BD-R SL Discs are manufactured or held, or at which equipment capable of manufacturing BD-R SL Discs is present, for the purpose of determining whether Registered Manufacturer is in full compliance with its obligations under this Registration Agreement. Registered Manufacturer shall also procure that, upon request from Philips, Philips' representatives shall have immediate and unfettered access to, and Philips' representatives shall be allowed to take samples of BD-R SL Discs from:

- (a) the facilities of any company that stores BD-R SL Discs on behalf of Registered Manufacturer; and
- (b) any warehouses at which Registered Manufacturer holds BD-R SL Discs,

for the purpose of determining whether Registered Manufacturer is in full compliance with its obligations under this Registration Agreement.

## 16 Destruction, Theft and Confiscation

- 16.1** Registered Manufacturer acknowledges and agrees that the appearance on the market of any stolen, confiscated or lost BD-R SL Discs will undermine Philips' ability to track the movement of BD-R SL Discs and to determine whether royalties have been paid on BD-R SL Discs, and accordingly agrees that it shall be liable to pay damages to Philips for any such theft, confiscation or loss.
- 16.2** If BD-R SL Discs manufactured or acquired by Registered Manufacturer are stolen, confiscated or lost to Registered Manufacturer, Registered Manufacturer shall report such theft, confiscation or loss to Philips within 7 Days of becoming aware of such theft, confiscation or loss.

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

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

- 16.3** The amount of damages payable by Registered Manufacturer for BD-R SL Discs manufactured or acquired by it that are stolen, confiscated or lost shall be:
- (a) the Standard Rate if there has been no previous Shipment of any BD-R SL Discs by Registered Manufacturer;
  - (b) the royalty rate that would have been payable by Registered Manufacturer if the relevant BD-R SL Discs had been contained in a Shipment immediately before such theft, confiscation or loss, provided that Registered Manufacturer reports such theft, confiscation or loss to Philips in full compliance with Clause 16.2; and
  - (c) the Standard Rate in all other circumstances.

Such damages shall be paid by Registered Manufacturer to Philips in accordance with Clause 9.8.

- 16.4** Philips undertakes that it shall not take action against Registered Manufacturer for any theft, confiscation or other loss of BD-R SL Discs manufactured or acquired by Registered Manufacturer, provided that:

- (a) the event in question was not in any way attributable to Registered Manufacturer's negligence, recklessness or intentional fault;
- (b) Registered Manufacturer reports such theft, confiscation or loss in full compliance with Clause 16.2;
- (c) Registered Manufacturer pays all damages payable for such theft, confiscation or loss pursuant to Clause 16.3; and
- (d) Registered Manufacturer fully cooperates with Philips or its Associated Companies in any subsequent investigations or actions in respect of any theft, confiscation or loss of BD-R SL Discs.

- 16.5** If BD-R SL Discs manufactured or acquired by Registered Manufacturer are destroyed, they shall be deemed to be lost for the purposes of this Clause 16 unless Registered Manufacturer provides evidence to Philips' reasonable satisfaction of such destruction within 7 Days of its occurrence. If Registered Manufacturer does provide such evidence, Philips undertakes that it shall not take any action against Registered Manufacturer in respect of such BD-R SL Discs, and no royalties shall be payable by Registered Manufacturer in respect of BD-R SL Discs the subject of such destruction.

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

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

## 17 SPARE

## 18 RAND Grant-Back

- 18.1** Registered Manufacturer acknowledges that blocking patents will, unless licensed, prevent the manufacture and/or trade in BD-R SL Discs, that the attractiveness of the BD-R SL Disc system which Registered Manufacturer wishes to use depends upon the ability of purchasers to approach multiple suppliers, and at the same time that the holders of blocking patents are entitled to receive fair and reasonable royalties for access to their technology. Accordingly, Registered Manufacturer shall not unreasonably refuse to grant (and, in relation to rights licensable by Registered Manufacturer's Associated Companies, shall procure that the relevant Associated Company does not unreasonably refuse to grant) to Philips, to Philips' Associated Companies, or to other third parties who have entered or will enter into a "Registration Agreement for BD-R SL Disc Manufacturers", or any other registration or license agreement for BD-R SL Discs with Philips that includes undertakings equivalent to the undertaking in this Clause 18.1, such non-exclusive, non-transferable rights (by way of license or otherwise), on reasonable, non-discriminatory conditions, as are necessary for the normal commercial activities of manufacturers of and traders in BD-R SL Discs under any and all present and future Patents:
- (a) for which Registered Manufacturer or its Associated Companies have, or may acquire, the right to grant licenses;
  - (b) which are necessary, either directly or as a practical matter, for compliance with the BD-R Format Specifications; and
  - (c) which are first filed, or are entitled to a priority date in any country, prior to the expiry date of this Registration Agreement.
- 18.2** The undertaking given by Registered Manufacturer in Clause 18.1 is given in consideration of the benefits set forth in this Registration Agreement, including the undertaking given in Clause 18.3, and the benefit of equivalent undertakings given by other companies under a "Registration Agreement for BD-R SL Disc Manufacturers" or under other registration or license agreements with Philips for BD-R SL Discs that include undertakings equivalent to the undertaking in Clause 18.1, and without prejudice to the provisions of Clause 24 of this Registration Agreement.
- 18.3** Philips shall not unreasonably refuse to grant (and, in relation to rights licensable by Philips' Associated Companies, shall procure that the relevant Associated Company does not unreasonably refuse to grant) to Registered Manufacturer or to Registered Manufacturer's Associated Companies, a non-exclusive, non-transferable license or licenses, on reasonable, non-discriminatory conditions, of such rights as are necessary for the normal commercial activities of manufacturers of and traders in BD-R SL Discs under any and all present and future Patents:
- (a) for which Philips or its Associated Companies may acquire the right to grant licenses;
  - (b) which are necessary, either directly or as a practical matter, for compliance with the BD-R Format Specifications; and
  - (c) which are first filed, or are entitled to a priority date in any country, prior to the expiry date of this Registration Agreement.

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

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

It is acknowledged and agreed by the parties that, for any Patents licensed pursuant to this Clause 18.3, royalties may be required to be paid in addition to the royalties specified in this Registration Agreement.

- 18.4** Any license made available under Clause 18.1 or Clause 18.3 shall be available for a period ending on the expiry date of the grantor's last relevant subsisting patent. For the avoidance of doubt, if a patent for which a license has been granted pursuant to Clause 18.1 or Clause 18.3 has expired, it shall be removed from such license, which shall continue to run only in relation to still subsisting patent(s).
- 18.5** The benefit of the undertakings set out in this Clause 18 shall only apply in relation to any company which is a party to a "Registration Agreement for BD-R SL Disc Manufacturers", or to any other registration or license agreement for BD-R SL Discs with Philips in which such company accepts or has accepted an undertaking equivalent to the undertaking given by Registered Manufacturer in Clause 18.1.

## 19 No Warranty; Indemnity

### 19.1 SPARE

**19.2** Registered Manufacturer acknowledges and agrees that third parties may own intellectual property rights relating to BD-R SL Discs. Philips makes no representation or warranty that the manufacture, importation, use, offering for sale, or sale of BD-R SL Discs does not infringe or will not infringe any intellectual property right of any third party. Registered Manufacturer shall indemnify and hold harmless Philips and its Associated Companies from and against any and all third party claims made in connection with BD-R SL Discs manufactured, acquired, used, sold, offered for sale or otherwise disposed of by Registered Manufacturer.

**19.3** 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 and its Associated Companies from and against any and all liabilities as may arise in relation to:

- (a) the grant, failure or refusal to grant, or delay in granting Per-Batch Licenses, and/or 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-R SL Discs) 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-R SL Discs being delayed at customs, seized or destroyed;
- (c) any interruption or deficiency in the supply of Serial Number Labels for which Registered Manufacturer did not provide immediate Notice to Philips in accordance with Clause 7.5;
- (d) any interruption or deficiency in the supply of Serial Number Labels, for which Registered Manufacturer has given Notice to Philips in accordance with Clause 7.5 and if Philips has subsequently waived the requirement to place Serial Number Labels on Master Cartons as set out in Clause 7.1; or

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

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



- (e) any interruption or deficiency in the supply of Serial Number Labels if Registered Manufacturer had not taken reasonable care to order such Serial Number Labels in a timely manner, did not keep Serial Number Labels in stock in sufficient quantities to be able to cope with disruptions in the supply, or was not in full compliance with its obligations under its agreement with the supplier concerning the supply of Serial Number Labels.

#### 19.4 SPARE

19.5 In no event shall Philips be liable to Registered Manufacturer under any cause of action arising under or related to this Registration Agreement for any amount greater than one hundred thousand Euros.

## 20 Confidentiality

#### 20.1 SPARE

20.2 Registered Manufacturer shall, for the duration of this Registration Agreement and for a period of 3 years thereafter, not disclose to any third party any information acquired from Philips or any of Philips' Associated Companies in connection with this Registration Agreement, or use such information for any purpose other than the manufacture, acquisition, sale or other disposal of BD-R SL Discs in accordance with the provisions of this Registration Agreement.

20.3 Philips shall, during the term of this Registration Agreement and for a period of 3 years thereafter, not disclose to any third party or use any confidential information obtained in connection with Clauses 5.6, 5.7, 9.12, 12, and 13 for any purpose other than:

- (a) to verify the accuracy of information provided in Applications made by Registered Manufacturer;
- (b) to ensure compliance with any royalty or other payment obligations in this Registration Agreement or any Per-Batch Licenses;
- (c) to confirm the licensed status of any BD-R SL Discs with interested third parties, including exercising its rights under Clause 5.12;
- (d) to disclose the information to an auditor for any purpose contemplated by this Registration Agreement;
- (e) to enforce Philips' rights under this Registration Agreement and other related agreements; and
- (f) otherwise for the operation of Philips' licensing programs and the monitoring and enforcement of its rights there under.

20.4 Without limiting the provisions of Clause 20.3, Philips shall not disclose confidential information obtained in connection with the clauses referred to in Clause 20.3 to any employee of its Associated Companies or any other individual other than those engaged in Philips' licensing activities.

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

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- 20.5** The obligations of Registered Manufacturer in Clause 20.2, and of Philips in Clauses 20.3 and 20.4, shall not apply to either party to the extent that such information:
- (a) has, after the date of this Registration Agreement, been published or otherwise generally made available to the public, except in consequence of a willful or negligent act or omission by the other party to this Registration Agreement in breach of its confidentiality obligations under this Clause 20;
  - (b) has been made available to the recipient party by a third party who is entitled to divulge such information and who is not under any obligation of confidentiality in respect of such information to the other party or which has been disclosed under an express statement that it is not confidential;
  - (c) has been independently developed by the recipient party other than in the course of the exercise of that party's rights under this Registration Agreement or the implementation of this Registration Agreement;
  - (d) SPARE;
  - (e) is disclosed by either party in order to perform its obligations under or pursuant to this Registration Agreement; or
  - (f) is information which the recipient party can prove was already known to it before, or was developed independently of, its receipt from the disclosing party,

provided that nothing in this Clause 20 shall prevent either party from disclosing such information:

- (a) pursuant to any applicable law which requires such disclosure, or to any recognized stock exchange or governmental or other regulatory or supervisory body or authority of competent jurisdiction to whose rules the party making the disclosure is subject, whether or not having the force of law, provided that the party disclosing the information shall notify the other party of the information to be disclosed (and of the circumstances in which the disclosure is alleged to be required) as early as reasonably possible before such disclosure must be made and shall take all reasonable action to avoid and limit such disclosure; or
  - (b) to any applicable tax authority to the extent required by a legal obligation.
- 20.6** In maintaining the confidentiality of information acquired from Philips or any of Philips' Associated Companies, Registered Manufacturer shall:
- (a) take all necessary precautions, including but not limited to measures requiring that its employees give suitable undertakings of secrecy, both for the period of their employment and thereafter; and
  - (b) protect such information in the same manner and with the same degree of care (but no less than a reasonable degree of care) as Registered Manufacturer applies to its own confidential information.

- 20.7** For the avoidance of doubt, the provisions of this Registration Agreement are not subject to any confidentiality obligation.

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

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

## 21 System Changes

**21.1** Registered Manufacturer acknowledges and agrees that the integrity of Philips' batch-based licensing system, as generally described in the Philips Batch-Based Licensing System Guide is important to the equitable treatment of manufacturers and traders of BD-R SL Discs and to open and fair competition in the market for BD-R SL Discs and the market for licensing intellectual property rights relevant to BD-R SL Discs. Accordingly, Registered Manufacturer acknowledges and agrees that Philips may, in its sole discretion, make such revisions to aspects of the system as it considers necessary or conducive to achieve these purposes. In particular, and without limitation, Registered Manufacturer acknowledges and agrees that Philips may do the following:

- (a) revise the PBL Standard Terms and Conditions;
- (b) revise the Serial Number Guide, the Veeza Logo Guide, and/or the Philips Batch-Based Licensing System Guide;
- (c) revise the Audit Guidelines;
- (d) revise the Standard Rate;
- (e) revise the list of Essential Patents in accordance with Clause 22;
- (f) revise the form of the Manufacturing Equipment List and/or the Confirmation Letter;
- (g) revise the content of the table entitled "Transitional Periods for System Changes", as set out at Annex H;
- (h) revise the Authorized Employee Manual;
- (i) require the provision of the lowest and highest number on the Serial Number Labels, or the full list of such numbers, included in the proposed Shipment, as part of the information provided in an Application pursuant to Clause 5.6;
- (j) select a suitable method for assigning and applying Serial Number Labels to Master Cartons from all alternatives which may hereafter become commercially feasible;
- (k) extend the use of Serial Number Labels or other markings to units of packaging smaller than Master Cartons (e.g. per spindle or per disc); and/or
- (l) revise the definition of System Breach in accordance with Clause 11.7.

Registered Manufacturer acknowledges and agrees that any such revision, extension, selection or other change, as set out in a Notice, shall be deemed to be incorporated into this Registration Agreement with effect from the date specified for the relevant revision, extension, selection or other change in the table entitled "Transitional Periods for System Changes" attached hereto as Annex H, during which period Registered Manufacturer shall be entitled to update its processes to ensure compliance with such changes.

**21.2** Registered Manufacturer shall be entitled to refuse to comply with a System Change the subject of a Notice under Clause 21.1 and shall terminate this Registration Agreement upon such refusal by means of Notice to Philips.

**21.3** Notwithstanding the provisions of Clauses 21.1(i), 21.1(j) and 21.1(k), Philips confirms that it shall apply the same procedures for Serial Number Labels to Other Registered Manufacturers and shall not charge Registered Manufacturer more than €0.50 per Serial Number Label (or if applied to smaller packaging units, not more than the equivalent of €0.50 per Master Carton).

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

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

- 21.4** Philips undertakes that it will not:
- (a) increase the Standard Rate above the rates specified in this Registration Agreement;
  - (b) act unreasonably in making any System Change; or
  - (c) restrict the scope of any license or non-assert undertaking that has been granted in a Per-Batch License.

## 22 Essential Patents

- 22.1** Philips and Registered Manufacturer agree that Annex B is, as at the Effective Date, an accurate record of the Essential Patents of which Philips, or any of Philips' Associated Companies, is the registered proprietor, the use of which is necessary, either directly or as a practical matter, for compliance with the BD-R Format Specifications.
- 22.2** Philips confirms that it has commissioned independent patent experts to review its Essential Patents granted by the European Patent Office, the Japan Patent Office and the United States Patent and Trademark Office in order to confirm that such Patents should remain classified as "essential" to the manufacture of BD-R SL Discs. If one of these independent patent experts determines that any of the Essential Patents no longer qualifies as "essential", Philips shall delete such Patent (as well as corresponding Patents in other jurisdictions having identical scope of protection) from Annex B.
- 22.3** If Philips or any of its Associated Companies are the registered proprietors of Patents which:
- (a) are determined by an independent patent expert mentioned in Clause 22.2 to be essential to BD-R SL Discs (and are not Patents acquired from third parties on or after April 1, 2008);
  - (b) have a filing date or are entitled to a priority date prior to September 1, 2005; and
  - (c) have not been listed as Essential Patents in Annex B,

Philips shall add such additional "essential" Patents to Annex B, and such additional "essential" Patents shall be deemed to be Essential Patents. Philips shall not assert any patent added to the list of Essential Patents in relation to any BD-R SL Disc for which Philips has previously granted a license.

- 22.4** Philips and Registered Manufacturer acknowledge and agree that the list of Essential Patents is subject to continual revision and that the list of Essential Patents published by Philips on the Website or otherwise communicated by Philips to Registered Manufacturer on the date of issuance of any Per-Batch License shall determine the Essential Patents for which rights are granted to Registered Manufacturer under the relevant Per-Batch License. Philips and Registered Manufacturer further acknowledge and agree that any changes to the list of Essential Patents shall not affect the royalties payable for any relevant Per-Batch License and shall not lead to any refund of royalties.

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

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

## 23 No Assignment

This Registration Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors and permitted assignees. It may not be assigned by Registered Manufacturer in whole or in part except with the prior consent of Philips, given in writing and executed by a duly authorized representative of Philips.

## 24 Term and Termination

- 24.1** This Registration Agreement shall commence on the Effective Date. Unless and until terminated earlier in accordance with the provisions of this Clause 24, this Registration Agreement shall remain in force until 31 December 2010, or until the expiry date of the Essential Patent last subsisting in the Country of Registration, whichever comes first.
- 24.2** Registered Manufacturer may terminate this Registration Agreement upon giving Philips 45 Days' Notice of its intention to terminate.
- 24.3** Without prejudice to the provisions of Clause 24.4 through to Clause 24.12, either party may terminate this Registration Agreement if the other party fails to perform any obligation under this Registration Agreement and such failure is not remedied within 30 Days after receipt of a Notice specifying the nature of such failure and requiring it to be remedied. Such right of termination shall be without prejudice to any other remedy to which the non-defaulting party may be lawfully entitled and all such remedies shall be cumulative. Any such termination shall not affect any royalty or other payment obligations under this Registration Agreement or under any Per-Batch License that have accrued prior to such termination.
- 24.4** Philips may terminate this Registration Agreement if:
- (a)** Registered Manufacturer commits a System Breach and does not prove each of the elements set out in Clause 11.6, within the time limit stipulated in Clause 11.6, to Philips' reasonable satisfaction;
  - (b)** Philips terminates the registration agreement of an Associated Company of Registered Manufacturer in accordance with any provision of that agreement that corresponds to any provision of Clause 24 hereof;
  - (c)** 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 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;
  - (d)** Registered Manufacturer is found by a competent court or administrative authority to have engaged in an intellectual property infringement which Philips reasonably regards as an act of counterfeiting or piracy;
  - (e)** any of Registered Manufacturer's representations in or under this Registration Agreement proves to be false in any manner;

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

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

- (f) a Notice has been issued by Philips under Clause 10.4 (b) specifying non-payment or late payment of royalties, and Registered Manufacturer does not remedy such non-payment or late payment within 30 Days of such Notice being issued; or
  - (g) Registered Manufacturer has commenced legal proceedings involving or relating to the Essential Patents against Philips while such legal proceedings are continuing.
- 24.5** In each instance if Philips has a right to terminate pursuant to Clause 24.4, Philips may only exercise such termination right by giving Notice to Registered Manufacturer specifying the reason for such termination. Any termination so effected shall be effective immediately upon such Notice.
- 24.6** Upon termination of this Registration Agreement by Philips for any reason pursuant to Clause 24.4, Registered Manufacturer shall immediately cease:
- (a) manufacturing, acquiring, offering for sale, selling or otherwise disposing of BD-R SL Discs in which any one or more of the Essential Patents are used if such act would infringe an Essential Patent;
  - (b) using the Registration Logo if such use would infringe Philips' rights in the Registration Logo ; and
  - (c) manufacturing BD-R SL Discs incorporating the Registration Logo.
- 24.7** Upon termination of this Registration Agreement by Philips for any reason pursuant to Clause 24.4, any and all amounts outstanding under this Registration Agreement or under any Per-Batch License shall become immediately due and payable. Rights already accrued shall survive termination.
- 24.8** All acknowledgements by Registered Manufacturer under this Registration Agreement, and the following provisions of this Registration Agreement, shall survive the expiry or termination of this Registration Agreement indefinitely: Clauses 1, 5.5, 9.9, 9.10, 9.11, 10.1, 10.4, 11.3, 11.4, 11.6, 19, 20, 23, 24.4, 24.6, 24.8, 24.9, 24.10, 24.11, 24.12 and 25. The following provisions of this Registration Agreement shall survive the expiry or termination of this Registration Agreement for the periods listed below:
- (a) Clauses 5.7 and 5.8 – for 1 year following such expiry or termination;
  - (b) Clause 12 - for 1 year following such expiry or termination; and
  - (c) Clause 15 - for 2 years following such expiry or termination.
- 24.9** Within 30 Days following the termination of this Registration Agreement, Registered Manufacturer shall submit to Philips a report certified by its external auditors specifying the number of BD-R SL Discs owned or controlled by Registered Manufacturer that remain in stock at such date of termination. Subject to any agreement with Philips to the contrary (which may involve Philips permitting the BD-R SL Discs remaining in stock to be sold under a Per-Batch License and the payment of royalties by Registered Manufacturer), any such BD-R SL Discs shall be destroyed, and the destruction proven to Philips' reasonable satisfaction.
- 24.10** Upon the expiry of the last subsisting Essential Patent in the Country of Registration, or when the manufacture of a BD-R SL Disc no longer infringes a Valid Claim in the Country of Registration:
- (a) this Registration Agreement shall automatically terminate;

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

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

- (b) Registered Manufacturer shall immediately submit to Philips a report certified by its external auditors:
  - (i) specifying the number of BD-R SL Discs owned or controlled by Registered Manufacturer that remain in stock at such date; and
  - (ii) identifying the nature and location of all warehouses or other storage facilities at which such BD-R SL Discs are stored; and
- (c) Philips shall then invite Registered Manufacturer to enter into a "Registration Agreement for BD-R SL Disc Manufacturers in a Non-Patent Country".

**24.11** If the offer by Philips to enter into an agreement pursuant to Clause 24.10(c) is not accepted by Registered Manufacturer, then subject to any agreement to the contrary permitting the BD-R SL Discs remaining in stock to be sold under a Per-Batch License, Registered Manufacturer shall, in accordance with Philips' directions, destroy the BD-R SL Discs mentioned in Clause 24.10 and any components bearing the Registration Logo, including without limitation stampers used in the manufacture of BD-R SL Discs, and keep sufficient evidence of their destruction, or deliver the BD-R SL Discs and any such equipment to Philips anywhere in the world in accordance with Philips' directions.

**24.12** Philips shall not unreasonably withhold or delay its agreement under Clauses 24.9 or 24.11 to permit BD-R SL Discs remaining in stock on termination to be sold under a Per-Batch License.

**24.13** SPARE

**24.14** SPARE

## 25 Miscellaneous

**25.1** Notwithstanding anything to the contrary contained in this Registration Agreement, it shall not be a breach of this Registration Agreement, nor shall it give rise to any royalty payment or other obligations under this Registration Agreement, for Registered Manufacturer to manufacture, dispose of or import a BD-R SL Disc not bearing the Registration Logo, if such manufacture, disposal or importation does not infringe a Valid Claim.

**25.2** Registered Manufacturer acknowledges that all right, title and interest in and to the Essential Patents and the Registration Logo are owned by Philips and all rights relating thereto shall remain solely with Philips. Registered Manufacturer shall not acquire any rights of ownership in any of the Essential Patents or 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, including, without limitation, goodwill, shall inure to the benefit of Philips.

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

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

- 25.3** Registered Manufacturer shall have no right to instigate any action against a third party for infringement of any of the Essential Patents or the Registration Logo. If a claim is made against Registered Manufacturer in connection with Registered Manufacturer's use of the Essential Patents or the Registration Logo, Registered Manufacturer shall notify Philips and Philips shall have the right (but shall have no obligation) to defend such claim at Philips' own cost. If Philips institutes legal proceedings against a third party for alleged infringement of the Essential Patents or the Registration Logo, Registered Manufacturer shall provide Philips with all such assistance as Philips may reasonably require from time to time in respect of such proceedings.
- 25.4** Registered Manufacturer acknowledges and agrees that Philips may modify the wording of the standard version of the "Registration Agreement for BD-R SL Disc Manufacturers" at any time. Registered Manufacturer shall at all times have the option of entering into the most recent version of the "Registration Agreement for BD-R SL Disc Manufacturers", as published by Philips on the Website or otherwise communicated by Philips to Registered Manufacturer after the Effective Date. No modification of the standard version of the "Registration Agreement for BD-R SL Disc Manufacturers" shall be effective between Registered Manufacturer and Philips unless and until Registered Manufacturer and Philips have entered into the version of the "Registration Agreement for BD-R SL Disc Manufacturers" containing such modification.
- 25.5** Any notice required to be given by either party under this Registration Agreement shall, unless explicitly specified in this Registration Agreement otherwise, be given in writing in the English language by means of a letter or facsimile directed:
- in respect of Registered Manufacturer, to:  
Registered Manufacturer's Notice Address and Fax Number
- in respect of 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, for any particular purpose or for all purposes, by either party to the other.
- 25.6** This Registration Agreement sets forth the entire understanding and agreement between the parties as to the subject matter to which it refers, and supersedes and replaces all prior arrangements, discussions and understandings between the parties relating to such subject matter. No variation to this Registration Agreement shall be binding upon either party unless made in writing and signed by an authorized representative of each of the parties.
- 25.7** 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 copyright registrations, or to maintain any subsisting patent, trademark or copyright registrations;

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



- (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 being intended to prevent or restrict the free movement of goods in breach of Articles 28 and 30 of the Treaty of Rome Establishing the European Economic Community (1957);
- (e) 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
- (f) as being intended to prevent Registered Manufacturer from taking action against a third party using a Registration Number assigned by Philips to Registered Manufacturer.

- 25.8** Registered Manufacturer acknowledges and confirms that it has had ample time to engage legal counsel of its choice to review the structure, contents and implications of the batch-based licensing system and of this Registration Agreement, and Registered Manufacturer acknowledges and confirms that it freely enters into this Registration Agreement.
- 25.9** Neither the failure nor the delay of either party to enforce any provision of this Registration Agreement shall constitute a waiver of such provision or of the right of either party to enforce each provision of this Registration Agreement.
- 25.10** Should any provision of this Registration Agreement be finally determined to be void or unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions of this Registration Agreement, provided that, in such event, Philips shall have the right to terminate this Registration Agreement by Notice to Registered Manufacturer.
- 25.11** This Registration Agreement shall be governed by and construed in accordance with the laws of the Jurisdiction of Governing Law.
- 25.12** Clauses 25.13 and 25.14 shall apply unless at the head of this Registration Agreement the box "Arbitration in the Hong Kong SAR" is ticked.
- 25.13** Other than as provided in Clause 25.14, any dispute between the parties in connection with this Registration Agreement (including any question regarding its existence, validity or termination) shall be submitted to the Court/s with Primary Jurisdiction, provided always that, if Philips is the plaintiff, it may, alternatively and at its sole discretion, submit such dispute either to the competent courts in the country where Registered Manufacturer's registered office is located, or to the competent courts in any country where Registered Manufacturer or its Associated Companies are otherwise located or have manufacturing facilities, or, for claims arising in relation to a Shipment by Registered Manufacturer or its Associated Companies, to any of the competent courts in the country of destination of the Shipment. Registered Manufacturer irrevocably waives any rights it may have to object to the jurisdiction, process and venue of any such court and to the effectiveness, execution and enforcement of any order or judgment (including, but not limited to, a default judgment) of any such court in relation to this Registration Agreement, to the maximum extent permitted by the law of any jurisdiction, or to the laws which might be claimed to be applicable regarding the effectiveness, enforcement or execution of such order or judgment.

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**25.14 Arbitration solely for disputes concerning jurisdiction.** The parties acknowledge and agree that any effort to defeat or circumvent the appropriate jurisdiction or jurisdictions for disputes as set out in Clause 25.13 are to be dealt with expeditiously and accordingly if:

- (a) Registered Manufacturer refers a dispute to any court other than the Court/s with Primary Jurisdiction and Philips alleges that Registered Manufacturer has done so in breach of Clause 25.13; and
- (b) a dispute arises between the parties as to
  - (i) whether Registered Manufacturer has referred a dispute to a court (other than the Court/s with Primary Jurisdiction) that, under Clause 25.13, lacks jurisdiction; and/or
  - (ii) the appropriate remedy by way of injunction and/or damages or otherwise due to Philips from Registered Manufacturer arising from such breach,

Philips may refer the dispute under (b) to arbitration by giving to Registered Manufacturer a Notice, including a reference to this Clause 25.14, specifying the dispute that Philips has referred to arbitration. The question for arbitration is a simple one, the answer to which will generally be very clear. Consequently, the arbitration shall be conducted by one arbitrator appointed by the Deken of the Nederlandse Orde van Advocaten (the “**Deken**”) at Philips’ request. The arbitrator shall be a lawyer qualified under the laws of, and engaged in private practice in, The Netherlands. Before his appointment he shall have given an assurance (either on oath or binding as a matter of professional conduct) to discharge the office of arbitrator impartially. The arbitration shall be conducted in the Dutch language at The Hague, The Netherlands. If the arbitrator dies, resigns, refuses to arbitrate or becomes incapable of arbitrating, Philips shall request the Deken to appoint a new arbitrator. If an arbitration had already commenced prior to the new arbitrator being appointed, it shall continue as if the new arbitrator had been acting from the beginning. The arbitrator shall use his best endeavors to issue a final award within 20 Days of his appointment. Procedural matters not specified in this Clause 25.14, including costs of the arbitration, shall be determined by the arbitrator. Neither party may apply to a Court to determine any question of law arising in the course of, or otherwise in relation to, the arbitration, or appeal to a Court on a question of law relating to an award.

**25.15 Arbitration in the Hong Kong SAR.** This Clause 25.15 shall apply if at the head of this Registration Agreement the box “Arbitration in the Hong Kong SAR” is ticked. Any dispute between the parties in connection with this Registration Agreement (including any question regarding its existence, validity or termination) shall be settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (“**ICC**”) in effect at the time of applying for arbitration and as may be amended by the rest of this Clause 25.15. The arbitral award shall be final and binding upon the parties. The arbitration shall be conducted as follows:

- (a) the arbitration institute shall be the International Court of Arbitration of the ICC;
- (b) the place of arbitration shall be Hong Kong;
- (c) the language of the arbitration shall be English; and
- (d) the arbitral tribunal (hereinafter referred to as “the tribunal”) shall be comprised of an arbitrator or arbitrators appointed as follows:
  - (i) the parties shall agree on a sole arbitrator; or
  - (ii) if the parties fail to agree on a sole arbitrator within 21 Days from the date when the claimant’s request for arbitration has been received by the other party, each party shall appoint an arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator who shall act as president of the tribunal;

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- (iii) if either party fails to appoint an arbitrator within 14 Days of receiving notice of the appointment of an arbitrator by the other party, such arbitrator shall, at the written request of that other party, be appointed by the International Court of Arbitration of the ICC;
- (iv) if the two arbitrators to be appointed by the parties fail to agree upon a third arbitrator within 30 Days of the appointment of the second arbitrator, the third arbitrator shall be appointed by the International Court of Arbitration of the ICC at the written request of either party.

Should a vacancy arise because any arbitrator dies, resigns, refuses to act, or becomes incapable of performing his functions, the vacancy shall be filled by the method by which that arbitrator was originally appointed. When a vacancy is filled, the newly established tribunal shall exercise its discretion to determine whether any hearings shall be repeated.

Any arbitrator appointed to act in an arbitration under this Clause 25.15 shall be a lawyer in private practice, qualified to practice in one or more of the Hong Kong SAR, the United States of America, Germany or the United Kingdom, shall be fluent in the English language, and shall not be a national of either the Country of Registration or of The Netherlands.

AS WITNESS, the parties hereto have caused this Registration Agreement to be signed on the date first written above.

KONINKLIJKE PHILIPS  
ELECTRONICS N.V.

[REGISTERED MANUFACTURER]

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

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

Reference Copy

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

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

# ANNEX A

## Philips Batch-Based Licensing System Guide

The current version of the Philips Batch-Based Licensing System Guide is published on the Website.

Reference copy

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

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

# ANNEX B

## Essential Patents

The current list of Essential Patents, including the expiry dates of the Essential Patents on a country-by-country basis, is published on the Website.

Reference copy

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

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

# ANNEX C

## Licensed Status Confirmation Document

The Licensed Status Confirmation Document is in the Authorized Employee Manual which is available on the DISP.

Reference copy

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

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

# ANNEX D

## PBL Standard Terms and Conditions

Except as expressly agreed to the contrary, the provisions of any Per-Batch License concluded between Applicant (as hereinafter defined) and Philips shall be as follows.

Philips and Applicant have previously entered into a “Registration Agreement for BD-R SL Disc Manufacturers”, “Registration Agreement for BD-R DL Disc Manufacturers”, a “Registration Agreement for BD-R SL Disc Traders” and/or a “Registration Agreement for BD-R DL Disc Traders”. Moreover Applicant has entered into an “Agreement to request a Licensed Status Confirmation Document” (each of the aforementioned agreements hereinafter referred to as a “**Registration Agreement**”). The Applicant has submitted the Application for a Per-Batch License for the Grant Country(ies).

Philips and Applicant hereby agree as follows:

### 1 Definitions

- 1.1 All capitalized terms used in this Per-Batch License shall have the meaning ascribed thereto in this Registration Agreement.
- 1.2 “**Application**” means the application for this Per-Batch License, submitted by Applicant.
- 1.3 “**Applicant**” means the entity that submitted the Application, being a Registered Manufacturer, a Registered Trader or a Web-Registered Trader.
- 1.4 “**Product**” means BD-R SL Disc or a BD-R DL Disc.

### 2 Grant of License

- 2.1 **Essential Patents.** Subject to the provisions of this Per-Batch License and the Registration Agreement, Philips grants to Applicant a non-transferable, non-exclusive license, under the Essential Patents subsisting in the Grant Country(ies), to import into and sell within the Grant Country(ies) in accordance with the Application, the Products identified in the Application.
- 2.2 **Registration Logo.** Subject to the provisions of this Per-Batch License and the Registration Agreement, Philips grants to Applicant a non-transferable, non-exclusive license, under Philips’ intellectual property rights in the Registration Logo subsisting in the Grant Country(ies), to import into and sell within the Grant Country(ies) in accordance with the Application, the Products identified in the Application.

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

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



### 3 Issuance of LSCDs and grant of Per-Batch Licenses to Recipients

If the entity, identified in the Application as the recipient ("Recipient"), proposes to transfer the Products, identified in the Application, to a country other than the country of destination specified in the Application, Recipient may, by using the DISP and providing all appropriate information, request Philips to issue an LSCD for the transfer of these Products to such country. Upon such request, and provided that the Recipient adheres to the procedures of Philips batch-based licensing system, Philips shall issue an LSCD and/or grant a Per-Batch License to the Recipient, without charging any further royalty to the Recipient. It is acknowledged that said procedures may require the Recipient to register with Philips as a Registered Trader or a Web-Registered Trader.

### 4 Retail Packaging

Applicant may use the Registration Logo on retail packaging, containing Products identified in the Application, provided that:

- (a) all Products included in such retail packaging bear such Registration Logo; and
- (b) the Registration Logo is reproduced on such retail packaging in accordance with the Veeza Logo Guide.

### 5 Limitation on License

No licenses are granted under Clauses 2.1, 2.2 or 4 for:

- (a) the benefit of any entity other than Applicant;
- (b) any country other than the Grant Country(ies);
- (c) any product other than the Products specified in the Application;
- (d) any intellectual property right other than the Essential Patents and the Registration Logo;
- (e) any act that is not in accordance with the Application;
- (f) any Product on which, at the time of the relevant importation or sale, the Registration Logo or the Registration Number was not applied in accordance with the Veeza Logo Guide, or the packaging of which breaches the Veeza Logo Guide; or
- (g) any Product, the packaging of which, at the time of the relevant importation or sale, breaches the Serial Number Guide.

### 6 Royalty Rate and Payment

- 6.1 The royalty rate for each Product covered by this Per-Batch License shall be the Standard Rate.
- 6.2 The royalties shall be paid in accordance with the provisions of Clause 9 of the Registration Agreement.

### 7 Miscellaneous

Clauses 25.10 to 25.15 of the Registration Agreement shall apply mutatis mutandis to this Per-Batch License.

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

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

# ANNEX E

## Manufacturing Equipment List

The Manufacturing Equipment List is in the Authorized Employee Manual which is available on the DISP.

Reference copy

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

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

# ANNEX F

## Confirmation Letter

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

The Registered Manufacturer represents and confirms that, for the calendar year [ ]:

Except as set out in the Exceptions Report below:

All BD-R SL Discs acquired by Registered Manufacturer were properly covered by an LSCD;  
All BD-R SL Discs included by Registered Manufacturer in a Shipment were properly covered by an LSCD;

All information provided by Registered Manufacturer in each Application, and all other information provided by Registered Manufacturer in connection with all Per-Batch Licenses and LSCDs, was and is true, accurate and complete in every respect;

The change in stock levels, the number of BD-R SL Discs that have been stolen, confiscated, lost, or destroyed, are reported in the Exceptions Report below.

**Signed**

\_\_\_\_\_  
**Authorized Officer of Registered Manufacturer**

**Exceptions Report**

[•]

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

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

# ANNEX G

## Audit Guidelines

These guidelines lay down basic elements for the assurance to be performed by an independent accountant appointed by Registered Manufacturer and preferably combined with the year-end closing audit of Registered Manufacturer's financial statements.

### 1 Independent accountant's qualifications

Registered Manufacturer's independent accountant who issues the assurance on the Confirmation Letter shall normally be the same firm as the auditor who issues an auditor's opinion on the financial statements of Registered Manufacturer. The independent accountant shall be:

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

### 2 Assurance

The independent accountant's assurance on the Confirmation Letter, as described below, shall be in the form of the Independent Assurance Report set out in Schedule 1.

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

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

# Annex G - Schedule 1

## Independent Assurance Report

### Independent Assurance Report to the directors of [XYZ Corporation]

We have been engaged to express an independent assurance on the accompanying report (the **Confirmation Letter**), relating to the Shipments of BD-R SL Discs by [XYZ Corporation], as reported by [XYZ Corporation] to Koninklijke Philips Electronics N.V. (**Philips**) under the "Registration Agreement for BD-R SL Disc Manufacturers" between Philips and [XYZ Corporation] dated [mm dd, yyyy] (the **Registration Agreement**). The Confirmation Letter has been duly initialed by us for identification purposes and relates to the period starting [mm/dd/yyyy] and ending [mm/dd/yyyy].

The preparation of the Confirmation Letter in accordance with the terms of the Registration Agreement is the sole responsibility of the management of [XYZ Corporation] (the "Company" or the "Group").

### 1 Scope and approach

Our engagement was designed to provide reasonable assurance on whether, in our opinion, the Confirmation Letter presents fairly the information required to be reported under the Registration Agreement and the amount of royalties due under the Registration Agreement. In this regard, we planned and performed our procedures to provide us with reasonable assurance that the Confirmation Letter presents fairly all the information required under the Registration Agreement. We completed tests of the completeness, accuracy and validity of data presented in the Confirmation Letter as we considered necessary, including tests over data generation within the underlying management information systems of [the Company or the Group], data consolidation and reporting and tests over the mathematical accuracy of the Confirmation Letter.

We performed our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements other than Audits or Reviews of Historical Information". We have not performed an audit, and therefore do not express an audit opinion, in accordance with International Standards on Auditing.

We believe that our work provides a reasonable basis for our conclusion.

### 2 Considerations and limitations

This report, including the conclusion, has been prepared for and only for the directors of [XYZ Corporation] for the purpose of allowing [XYZ Corporation] to meet its obligations under the Registration Agreement and for no other purpose. We do not, in giving this assurance, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including Philips, save where expressly agreed by our prior consent in writing.

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

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

### 3 Conclusion

In our opinion, the Confirmation Letter for the period from [mm/dd/yyyy] to [mm/dd/yyyy] presents fairly the information required under the Registration Agreement, including the amount of royalties due under the Registration Agreement.

\_\_\_\_\_  
(signed)  
[Name of Independent Accountant]

[City]  
[mm/dd/yyyy]

Attachment: Confirmation Letter (\_\_\_ pages)

Reference copy

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

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

# ANNEX H

## Transitional Period for System Changes

<b>Change</b>	<b>Transitional period</b>
PBL Standard Terms and Conditions	7 Days
Serial Number Guide	60 Days
Veeza Logo Guide	90 Days
Audit Guide	60 Days
Method for assigning and applying Serial Number Labels to Master Cartons	60 Days
Extension of use of Serial Number Labels	60 Days
Requirement of reporting Serial Number Labels in a Shipment	60 Days
Definition of System Breach	90 Days from Notice provided under Clause 11.7

Reference copy

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

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



# ANNEX I

## Serial Number Guide

The current version of the Serial Number Guide is published on the Website.

Reference copy

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

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

# ANNEX J

## Veeza Logo Guide

The current version of the Veeza Logo Guide is published on the Website.

Reference copy

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

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

# ANNEX K

## Application Form Visitor Administrator

[Letterhead of Licensee]

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

[Place], [Date]

Subject: Appointment Visitor Administrator

Dear Sir,

This letter serves to inform you of the registration of <name full-time employee> of <Company Name Registered Manufacturer> as Visitor Administrator for accessing the DISP, in accordance with Clause 5.16 of the Registration Agreement for BD-R SL Disc Manufacturers.

<name full-time employee> will be the Visitor Administrator for the following entity of Registered Manufacturer:

<specify name of entity>  
<specify city>  
<specify country>  
<specify e-mail address of Visitor Administrator>

Kind regards,

<Company Name Registered Manufacturer>

\_\_\_\_\_  
Signature duly authorized representative Registered Manufacturer

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

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