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Sent: Tuesday, July 10, 2001 3:53 AM
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DVD Patent Licensing Program Frequently Asked Questions

DVD joint patent license from Hitachi, Ltd., Matsushita Electric Industrial Co., Ltd. (Panasonic), Mitsubishi Electric Corporation, Time Warner, Inc., Toshiba Corporation and Victor Company of Japan, Ltd. (JVC).

GENERAL

Q1. Why are these six companies licensing patents jointly?

A1. Joint licensing is for the benefit of the parties who want to take licenses. Unless we license jointly, the parties who want to license these patents would need to contact and negotiate with each company separately, and enter into separate agreements with each of them. By licensing jointly, we can provide a simple and efficient process for obtaining licenses to these patents.

Q2. How does this DVD joint license relate to the DVD license offered by Philips, Pioneer, and Sony?

A2. The license we are offering and the license offered by Philips, Pioneer, and Sony are independent of each other. This means that you have to take both licenses if you need them.

Q3. Who needs licenses to the patents offered by this DVD Patent Licensing Program?

A3. Any party that makes, uses, imports or sells products that are covered by the licensed patents, including all products that conform to the DVD-ROM and DVD-Video Standard.

Q4. What products are covered by the licensed patents?

A4. DVD-ROM and DVD-Video products, including DVD-ROM drives, DVD-Video players, DVD-ROM discs, DVD-Video discs and DVD decoders.

Q5. Do licensees of the patents have to obtain a license through the DVD Patent Licensing Program?

A5. The joint patent license approach is for the benefit of licensees, but interested parties can, at their option, also negotiate independently with each member of the DVD Patent Licensing Program for a license to its respective patents.

THE LICENSED PATENTS

Q6. Tell me about the patents that are covered under this DVD joint patent license.

A6. The joint DVD Patent License covers all patents owned by the six licensing companies that are necessarily infringed by implementation of the DVD Specification for Read Only Disc, Part 1, Part 2 and Part 3, otherwise known as the DVD-ROM and DVD-Video Standard, or that claim technologies for which there is no realistic alternative in implementing the DVD Specification for Read Only Disc Part 1, Part 2 and Part 3.

Q7. How were the licensed patents identified?

A7. We retained impartial patent experts for this purpose. We had them study the claims of our patents. They compared the claimed elements of the patents and the DVD Specification for Read Only Disc Part 1, Part 2 and Part 3 (DVD-ROM and DVD-Video Standard). Based on this review, the impartial patent experts identified the patents that are necessarily infringed by implementation of, or for which there is no realistic alternative in

implementing, the DVD-ROM and DVD-Video Standard.

Q8. How many patents are in the licensed patent list?

A8. There are presently 80 U. S. Patents for DVD-ROM drives, DVD-Video players and DVD decoders, and 96 U. S. Patents for DVD-ROM discs and DVD-Video discs.

Q9. Why did you not include other patents in this DVD joint patent license?

A9. Although there may be other relevant patents, such patents are not always infringed by every manufacturer of DVD related products, such as DVD-ROM drives, DVD-Video players, DVD-ROM discs, DVD-Video discs or DVD decoders. The joint license is intended to cover only those patents that must be used in implementation of, or for which there is no realistic alternative in implementing, the DVD-ROM and DVD-Video Standard.

DVD-RAM, DVD-R AND DVD-AUDIO

Q10. What about patent licenses for the DVD-RAM, DVD-R and DVD-Audio Standards?

A10. We do not include patent licenses for DVD-RAM, DVD-R and DVD-Audio Standard in this DVD Patent Licensing Program.

DEPARTMENT OF JUSTICE

Q11. How does the U.S. Department of Justice view this DVD Patent Licensing Program?

A11. The U.S. Department of Justice issued a business review letter expressing that it has reviewed the DVD Patent License and does not intend to take any action against the DVD Patent Licensing Program. For further details regarding this letter, please refer to the U.S. Department of Justice's web site at <http://www.usdoj.gov/atr/public/busreview/2485.htm>.

ROYALTIES

Q12. What are the royalties under the joint license?

A12. Royalties for DVD-Video players and DVD-ROM drives are 4% of the net selling price(*) of the product or U.S. \$4.00 per product, whichever is higher.

Royalties for DVD decoders are 4% of the net selling price(*) of the product or U.S. \$1.00 per product, whichever is higher.

* Net selling price means gross sales price less normal discounts actually granted; insurance fees, and packing and transportation charges as invoiced to customers; and duties and sales taxes actually incurred and paid.

Royalties for DVD-Video discs and DVD-ROM discs are U.S. 7.5¢ per disc.

Q13. How much is the royalty rate for multi-layered DVD discs such as DVD 9, DVD 10 and DVD 18?

A13. Royalties for DVD 9, DVD 10 and DVD 18 are the same as for a single-layered DVD disc, U.S. 7.5¢ per disc.

Q14. Is the royalty rate negotiable?

A14. No. This DVD Patent License Agreement will be entered into on a non-discrimination basis with all licensees. The royalty rates in the DVD Patent Licensing Program have been set at levels that we believe are fair and reasonable.



Tuesday, May 01, 2001

Dear ,

It was a pleasure meeting you. Thank you very much for taking the time to see us and for your interest in iviewit patent pending video and image technologies.

Again, thank you for your time, effort and consideration of iviewit Technologies, Inc.

Best regards,

Eliot

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Blessed are the geek: for they shall inherit the earth! Gattthew 5:5

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Workin for the five day weekend!