

## **SD HOST/ANCILLARY PRODUCT LICENSE AGREEMENT**

This SD HOST/ANCILLARY PRODUCT LICENSE AGREEMENT is made by and among SD-3C LLC (“SD-3C LLC”) a Delaware limited liability company having its registered office at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, U.S.A, under authorization of the members of SD Group (as defined below), and SD Card Association (“SD Association”), a California membership corporation having its principal place of business at 2400 Camino Ramon, Suite 375, San Ramon, CA 94583, U.S.A. (SD-3C LLC and SD Association each a “Licensor” and collectively “Licensors”) and (“Licensee”, also including the entities listed in Schedule C), a corporation having its principal place of business at, and is effective as of the later of the two (2) signature dates below (the “Effective Date”).

WHEREAS, Panasonic Corporation, SanDisk Corporation and Toshiba Corporation have jointly developed a next generation card technology; and

WHEREAS, SD Group owns valuable Essential Patent Claims (as defined below) to make, use and sell SD Host Products (as defined below) and SD Ancillary Products (as defined below); and

WHEREAS, SD Group has defined certain specifications which are valuable to the production and use of SD Host Products and SD Ancillary Products, and have obtained know-how, trade secret and technical information and copyrights embodied therein (defined hereinafter as “SD Group Specifications”); and

WHEREAS, SD Association owns or has licensed certain other specifications which are valuable to the production and use of SD Host Products and SD Ancillary Products, and has obtained know-how, trade secret and technical information and copyrights embodied therein (defined hereinafter as “SD Association Specifications”) or the right to license the same; and

WHEREAS, SD Group owns the logos, trademark rights, copyrights and other rights in and to SD Host Products and SD Ancillary Products, as listed in Schedule B-2 hereto; and

WHEREAS, SD-3C LLC believes that a non-exclusive joint licensing program, under which licensees can obtain access and a license to as many Essential Patent Claims of SD Group as possible, the SD Group Specifications and the SD Logos in one transaction, is an efficient method for licensing Essential Patent Claims of SD Group, SD Group Specifications and SD Logos for the benefit of licensees and the public, and SD Group has granted SD-3C LLC the right to grant licenses with respect to the Essential Patent Claims of the SD Group, SD Group Specifications and SD Logos on their behalf to licensees that wish to make, use or sell SD Host Products or SD Ancillary Products, and SD-3C LLC has granted SD Association authority to sign and administer this Agreement on SD-3C LLC’s behalf; and

WHEREAS, SD Association believes that a non-exclusive licensing program, under which licensees can obtain access and a license to the SD Association Specifications, is an efficient method for licensing the SD Association Specifications for the benefit of licensees that wish to make, use or sell SD Host Products or SD Ancillary Products; and

WHEREAS, Licensee wishes to obtain a license under the Essential Patent Claims of SD Group, SD Specifications and SD Logos to make, use and sell SD Host Products and/or SD Ancillary Products;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** For purposes hereof, the following capitalized terms shall have the respective meanings provided below:

1.1 **“Affiliate”** shall mean, with respect to any party hereto, any corporation, firm, partnership, proprietorship, or other legally recognizable form of business entity, in whatever country organized or resident, directly or indirectly owned or controlled by such party. For the purpose of this definition, “ownership” shall mean more than fifty percent (50%) beneficial ownership of the equity securities or interests of the legally recognizable entity or the ability to vote more than fifty percent (50%) of the aggregate votes cast at a partner or shareholder meeting (or the ability to control any single class of votes), in each case, only so long as such ownership or voting rights continue. For the purpose of this definition, “control” shall mean the power to direct or cause the direction of the management or policies of such legally recognizable entity, directly or indirectly, whether through the ownership of voting shares, by contract or otherwise. Licensee’s Affiliates that are authorized to exercise rights under this Agreement are listed in Schedule C. Licensee may add any of its Affiliates, or may alternatively note “all Affiliates”, to Schedule C at any time with prior written notice to the Licensors.

1.2 **“Agreement”** shall mean this SD Host/Ancillary Product License Agreement, including all schedules attached hereto, and any and all amendments to the Agreement and/or such schedules.

1.3 **“Application Formats”** shall mean functions or technical formats which utilize, in whole or in part, SD Specifications, whether or not such functions or technical formats utilize the security specification (Part 3 of the SD Specifications). The term Application Formats shall also include SD Application Formats.

1.4 **“Confidential Information”** shall mean, if disclosed in tangible form, information marked “Confidential”, “Proprietary” or with other similar designation to indicate its confidential or proprietary nature, or if disclosed orally, is indicated orally to be confidential or proprietary by a Licensor at the time of such disclosure and is confirmed in writing as confidential or proprietary by such Licensor within a reasonable time after such disclosure. Confidential Information includes SD Group Confidential Information and SD Association Confidential Information.

1.5 **“Content Protection for Recordable Media”** shall mean a certain technology that helps to prevent unauthorized reproduction and/or manipulation of digital and/or electronic content and that is licensed by a separate agreement from the entity known as 4C Entity, LLC, a Delaware limited liability company.

1.6 **“Essential Patent Claims”** shall mean claims of a patent or patent application which would be necessarily and unavoidably infringed by the making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or disposing by other means of those portions of a product that implements the secure digital technology in compliance with the SD Group Specifications in a particular country in the absence of a license or other authorization from the owner of such patent claims in such country. As used herein, “infringe” includes direct infringement, contributory infringement and/or inducement of infringement. Essential Patent Claims shall not include patent claims for a format that is independently adopted by third parties but incorporated and referenced in the SD Specifications, nor shall it include Semiconductor Memory Technology or semiconductor process/package technologies.

1.7 **“Licensable”** shall mean possession of the ability to grant a license or sublicense of, or within, the scope provided for herein without payment of royalties or other compensation by a party to any third party which is not an Affiliate of such party and without violating the terms of any agreement or other arrangements with a third party.

1.8 **“New Version”** shall mean a version of the SD Specifications that meets either of the following conditions: (i) a specification which is not compatible with the SD Group Specifications; or (ii) a specification which changes the security specification (Part 3 of the SD Specifications).

1.9 **“SD Ancillary Products”** shall mean products, or parts or software thereof, that: (i) in whole or in part comply with all applicable portions of Part 1, Part 2 or Part 3 of the SD Specifications; AND (ii) are interoperable with SD Host Products or SD Memory Cards. SD Ancillary Products include, but are not limited to, adapters and software applications, and SD I/O Cards, but do NOT include SD Host Products, SD Memory Cards, other products incorporating semiconductor memory products (including but not limited to flash memory, ROM or RAM) used for data storage in accordance with Part 2 of the SD Specifications, flash memory storage devices, or flash memory controllers.

1.10 **“SD Application Formats”** shall mean Application Formats formally adopted by SD Group or SD Association.

1.11 **“SD Association Compliance Committee”** shall mean a committee appointed or approved by SD Association to verify an SD Product’s compliance with the SD Specifications pursuant to Schedule D

1.12 **“SD Association Specifications”** shall mean the specifications owned and licensed by SD Association, specifically, (i) the incremental portions that constitute any material revisions or a New Version of the SD Group Specifications and (ii) Parts 5 and higher as set forth in Schedule A-2 and are included in Confidential Information.

1.13 **“SD Group”** shall mean collectively Panasonic Corporation, SanDisk Corporation and Toshiba Corporation and their respective Affiliates.

1.14 **“SD Group Specifications”** shall mean the specifications established by the SD Group for flash memory cards defined by the SD Physical Specification (Part 1 of the SD Specifications), the SD Logical Specification (Part 2 of the SD Specifications), the SD Security

Specification (Part 3 of the SD Specifications) and the SD Audio Specification (Part 4 of the SD Specifications), as of the time specified in Schedule A-1, including any corrections or other non-material changes made thereto by SD Group. SD Group Specifications are further described in the SD Specifications Parts 1-4 as set forth in Schedule A-1 and are included in Confidential Information.

1.15 “**SD Host Products**” shall mean Standalone products, or parts or software thereof, that actually host SD Memory Cards and comply with Part 1 and Part 2, and all other applicable portions of the SD Specifications.

1.16 “**SD I/O Cards**” shall mean SD Ancillary Products that: (i) are capable of performing any function other than memory storage, wherein for the purposes of this section “memory storage” shall mean the storage of any data in a non-volatile memory device, regardless of whether the non-volatile memory storage device is used for the storage of executable code, non-executable code, drivers, or any other type of data or information (e.g., Supplemental Code Area or SD Memory as described in Part E-1 of the SD Specifications); (ii) comply with Part 1 of the SD Specifications; and (iii) comply wholly or in part with Part E-1 of the SD Specifications. I/O cards that include Supplemental Code Area, SD Memory or any other type of memory storage will be licensed by the SD-3C LLC under a separate license agreement.

1.17 “**SD Logos**” shall mean the trademark rights, copyrights and other rights in and to certain logos of SD Host Products and SD Ancillary Products as set forth in Schedule B-2, which may be revised from time to time by SD-3C LLC.

1.18 “**SD Logo Guideline**” shall mean the logo guideline set forth in Schedule B-1 that sets forth the standards for using the SD Logos, as it may be revised from time to time by SD-3C LLC.

1.19 “**SD Memory Cards**” shall mean semiconductor memory products (including but not limited to flash memory, ROM, RAM and I/O cards (with memory storage capacity)) other than SD I/O Cards, or parts or software thereof, that comply with all of Part 1, Part 2 and Part 3 of the SD Specifications. SD Memory Cards also include, but are not limited to, embedded products that comply with Part 1 (except the form factor), Part 2 and Part 3 of the SD Specifications.

1.20 “**SD Memory Card License**” shall mean the separate license agreement by which SD-3C LLC licenses certain technology relating to SD Memory Cards.

1.21 “**SD Products**” shall mean the SD Host Products, SD Ancillary Products and SD Memory Cards.

1.22 “**SD Specifications**” shall mean the SD Group Specifications and the SD Association Specifications collectively. The SD Specifications are set forth in Schedules A-1 and A-2 and are included in Confidential Information.

1.23 “**Schedule A**” shall mean Schedule A attached to this Agreement, as such schedule may be amended in accordance with Article 10 below from time to time by Licensors.

1.24 “**Schedule B**” shall mean Schedule B attached to this Agreement, as such schedule may be amended from time to time by SD-3C LLC.

1.25 “**Schedule C**” shall mean Schedule C attached to this Agreement, as such schedule may be amended from time to time by Licensee upon written notice to the Licensors.

1.26 “**Schedule D**” shall mean Schedule D attached to this Agreement, as such schedule may be amended from time to time by SD-3C LLC but only upon the reasonable request of the SD Association Compliance Committee.

1.27 “**Schedule E**” shall mean Schedule E attached to this Agreement, as such schedule may be amended from time to time by SD Association.

1.28 “**Semiconductor Memory Technology**” shall mean technology including patent claims relating to the development, design, manufacture or sale of any semiconductor memory devices.

1.29 “**Standalone**” with respect to a device shall mean that the device is capable of functioning without relying on interaction or attachment to another independent device.

1.30 “**Third Party SD Host/Ancillary Product Licensee**” or “TPHAL” shall mean a third party that has executed a SD Host/Ancillary Product License Agreement with Licensors. The term Third Party SD Host/Ancillary Product Licensee shall also include such third party’s Affiliates that are licensed under such agreement.

1.31 “**Third Party SD Memory Card Licensee**” or “TPCL” shall mean a third party that has executed a SD Memory Card License Agreement (including, flash memory cards, I/O Cards, OTP cards, etc.) with SD-3C LLC. The term Third Party SD Memory Card Licensee shall also include such third party’s Affiliates that are licensed under such agreement.

## 2. **Essential Patent Claims License**

2.1 Upon the terms and conditions and with the limitations and exceptions hereafter set forth, SD-3C LLC hereby grants to Licensee a non-exclusive, non-transferable, royalty-free license, on a worldwide basis during the term hereof, to make, have made, design, use, offer for sale, sell, import, export, lease or otherwise dispose of SD Host Products and SD Ancillary Products under the Essential Patent Claims Licensable by SD-3C LLC.

2.2 SD-3C LLC hereby releases Licensee and their customers from any and all claims of any past infringement of the Essential Patent Claims Licensable by SD-3C LLC arising from Licensee’s making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or disposing by other means of SD Host Products and SD Ancillary Products for the period prior to the Effective Date of this Agreement.

2.3 IT IS EXPRESSLY UNDERSTOOD THAT THE RIGHTS AND LICENSES GRANTED PURSUANT TO THIS AGREEMENT DO NOT EXTEND TO ANY SEMICONDUCTOR MEMORY TECHNOLOGY, FLASH MEMORY CONTROLLER TECHNOLOGY OR SEMICONDUCTOR PROCESS/PACKAGING TECHNOLOGY.

2.4 Licensee hereby grants to each member of the SD Group and each TPHAL under the Essential Patent Claims Licensable by Licensee, a non-exclusive, non-transferable, royalty-free license to and release from any and all claims of infringement, on a worldwide basis, to make, design, have made, use, offer to sell, sell, import, export, lease or otherwise dispose of SD Host Products and SD Ancillary Products. Such license grants are made only to such parties that have entered into a substantially similar SD Host/Ancillary Product License Agreement.

2.5 Licensee hereby agrees to grant under non-discriminatory, fair and reasonable terms and conditions to each member of the SD Group and each TPCL under the Essential Patent Claims Licensable by Licensee, a non-exclusive, non-transferable license to and release from any and all claims of infringement, on a worldwide basis, to make, design, have made, use, offer to sell, sell, import, export, lease or otherwise dispose of SD Memory Cards.

2.6 SD-3C LLC and Licensee hereby agree that in the event any dispute arises that cannot be settled between the parties, as to determination of (i) the fair and reasonable terms and conditions for the license to be granted by Licensee in accordance with Article 2.5 above, or (ii) whether a certain patent claim is an Essential Patent Claim, the dispute shall be determined by an expert jointly appointed and paid for by the Licensee and SD-3C LLC. This dispute resolution process is without prejudice to any other rights of a party under this Agreement.

2.7 SD-3C LLC shall have the right to terminate the license granted in Article 2.1 under any of the Essential Patent Claims owned by any member of SD Group in the event that Licensee has (i) brought a claim(s) against a member of SD Group or any TPHAL or TPCL, in a lawsuit or other proceeding, that such entity is infringing or has infringed a patent claim, that such entity reasonably believes is an Essential Patent Claim, by making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or disposing by other means of SD Products, (ii) attempted or threatened to revoke the license under Article 2.4 above, or (iii) unreasonably refused to grant a license under Article 2.5 above, to such member of the SD Group or TPCL.

2.8 Licensee shall have the right to terminate the license granted in Articles 2.4 and 2.5 to a specific member of the SD Group, a TPHAL or a TPCL under any of the Essential Patent Claims owned by Licensee in the event that (i) such specific member of the SD Group, TPHAL or TPCL has brought a claim(s) against Licensee, in a lawsuit or other proceeding, that the Licensee is infringing or has infringed a patent claim, that Licensee reasonably believes is an Essential Patent Claim, by making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or otherwise disposing of any SD Products, (ii) such specific member of the SD Group has attempted or threatened to revoke the license under Article 2.1 above, (iii) such TPHAL has attempted or threatened to revoke the license under the equivalent of Article 2.4 above in such TPHAL's SD Host/Ancillary Product License Agreement with Licensors, or (iv) such TPCL has unreasonably refused to grant a license under the equivalent of Article 2.5 above in such TPCL's SD Memory Card License Agreement with SD-3C LLC, to Licensee.

### **3. SD Group Specifications and SD Association Specifications Licenses**

3.1 Upon the terms and conditions and with the limitations and exceptions hereafter set forth, including but not limited to the confidentiality obligations contained herein, SD-3C LLC hereby grants to Licensee a non-exclusive, non-transferable license, on a worldwide basis during the term hereof, to use the SD Group Specifications as listed in Schedule A-1 hereto, including the technical information, know-how and trade secrets contained therein, solely to make, design, have made, use, offer for sale, sell, import, export, lease or otherwise dispose of SD Host Products and SD Ancillary Products.

3.2 Upon the terms and conditions and with the limitations and exceptions hereafter set forth, including but not limited to the confidentiality obligations contained herein, SD Association hereby grants to Licensee a non-exclusive, non-transferable license, on a worldwide basis during the term hereof, to use the SD Association Specifications as listed in Schedule A-2 hereto, including the technical information, know-how and trade secrets contained therein to the extent the SD Association has the authority to grant a license to such technical information, know-how and trade secrets, solely to make, design, have made, use, offer for sale, sell, import, export, lease or otherwise dispose of SD Host Products and SD Ancillary Products.

3.3 Licensee hereby agrees that in the event Licensee has SD Host Products or SD Ancillary Products made, developed, designed or otherwise manufactured by a third party on a subcontract basis pursuant to Articles 2.1, 3.1 and/or 3.2 of this Agreement, Licensee shall ensure that such third party has executed an SD Host/Ancillary Product License Agreement with Licensors prior to contracting with such third party. Licensee shall, however, have the option to contract to have SD Host Products or SD Ancillary Products made, developed, designed or otherwise manufactured by a third party on a subcontract basis, without the requirement that the third party execute an SD Host/Ancillary Product License Agreement, provided that Licensee hereby agrees that Licensee has not, and will not, disclose the Confidential Information, to such third party unless (i) such third party has agreed, in writing, to comply with confidentiality obligations at least as restrictive as those in this Agreement; and (ii) Licensee is responsible and financially liable for such third party's compliance with the applicable terms and conditions of this Agreement.

3.4 Licensors shall provide Licensee upon payment by Licensee of the fees stated in Articles 7.1 and 7.2, a copy of the current version of the SD Specifications necessary for the SD Host Products and SD Ancillary Products, which may not be reproduced in whole or in part.

3.5 Licensee acknowledges and agrees that the right to use the SD Specifications licensed hereunder does not extend to Licensee's use of the same in connection with any product that does not comply with the applicable SD Specifications as required herein, or that is incompatible with products that comply with the SD Specifications.

3.6 Licensee acknowledges and agrees that, making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or disposing by other means of SD Host Products and SD Ancillary Products may require a separate license for Content Protection for Recordable Media.

3.7 Licensee acknowledges and agrees that, making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or disposing by other means of SD Memory Cards requires Licensee to enter into a separate SD Memory Card License.

3.8 Licensee acknowledges and agrees that if Licensee's SD Host Products or SD Ancillary Products use, incorporate or support Content Protection for Recordable Media as a security feature, then it shall comply with all applicable portions of Part 3 of the SD Specifications.

#### **4. SD Logo License and Trademark**

4.1 Upon the terms and conditions and with the limitations and exceptions hereafter set forth, SD-3C LLC hereby grants to Licensee a non-exclusive, non-transferable license to use the SD Logos solely on SD Host Products and SD Ancillary Products, and accompanying packing materials, and in related advertising and other sales and marketing literature, including catalogues or brochures, and user manuals for such SD Host Products and SD Ancillary Products, in the form and manner specified in the SD Logo Guideline on a worldwide basis during the term hereof. In the event that Licensee has SD Host Products or SD Ancillary Products made, developed, designed or otherwise manufactured by a third party on a subcontract basis pursuant to Articles 2.1, 3.1, 3.2 and/or 3.3 of this Agreement, Licensee shall be responsible for such third party's compliance with the applicable terms and conditions of this Agreement, and Licensee shall make sure that such third party uses the SD Logos with the SD Host Products and SD Ancillary Products manufactured for, and sold by, Licensee, under the terms and conditions of this Agreement.

4.2 Licensee is strictly prohibited from using the SD Logos in any other form than that which is specifically set forth in the SD Logo Guideline.

4.3 In Licensee's sole discretion, Licensee shall have the right, and is strongly encouraged, to place the SD Logos on all SD Host Products and SD Ancillary Products and accompanying product packaging to the extent that such placement is practicable.

4.4 Licensee shall place the SD Logo on all user manuals that accompany SD Host Products and SD Ancillary Products even if the SD Logos are not affixed to the SD Host Products or SD Ancillary Products.

4.5 Licensee shall ensure that there is imprinted legibly and irremovably on all materials and things on or with which the SD Logos appear in any form, the legends and notices required by the SD Logo Guideline.

4.6 Licensee shall not co-join or combine any other logo, trademark, trade name or other designation with the SD Logos, and shall use the SD Logos only as commercially separate and distinct from any other logo, trademark, trade name or other designation. Licensee shall not use the SD Logos in a manner which impairs the right in the SD Logos.

4.7 Licensee shall use reasonable efforts to ensure that distributors' and retailers' usage of the SD Logos in advertising, promotional materials, catalogues or brochures offering

Licensee's SD Host Products and SD Ancillary Products for sale shall comply with the SD Logo Guideline and Articles 4.2, 4.4, 4.5, 4.6 and 5.1 of this Agreement.

4.8 In cases where Licensee sells SD Host Products or SD Ancillary Products on an OEM basis, the Licensee shall use reasonable efforts to ensure that such purchaser's usage of the SD Logos and names of Application Formats in product packaging, advertising, promotional materials, catalogues or brochures offering such SD Host Products or SD Ancillary Products for sale shall comply with the SD Logo Guideline and Articles 4.2, 4.4, 4.5, 4.6, 4.9 and 5.1 of this Agreement in case such purchaser chooses to use the SD Logos or names of Application Formats.

4.9 Licensee shall have the right to use the names of SD Application Formats as defined in Schedule B-3 as may be updated from time to time by the Licensors. Licensee shall not use the combination of letters "SD" in the name or logo of any Application Formats other than an SD Application Formats; provided, however, that such restriction is not intended to prohibit Licensee from using the combination of the letters "SD" in its product identification or service name itself, whether or not, used for SD Products or other products.

4.10 Licensee shall not object to the use of the trademark and/or combination of letters "SD" or incorporation thereof with SD Products by any TPHAL, any TPCL or any member of the SD Group and Licensee shall not claim any consideration for such use; provided, however, that such TPHAL, TPCL or member of the SD Group shall extend the same treatment to Licensee.

4.11 Licensee shall be afforded a reasonable period of time (not less than three (3) months) subsequent to any changes to the SD Logo Guideline or the SD Logos to implement the new requirements of the SD Logo Guideline and SD Logos or to discontinue use of the SD Logos without affecting the validity of this Agreement or the rights granted hereunder. Licensee shall have the right to sell remaining inventory stock and complete and sell manufacturing work in process which becomes non-compliant as a direct result of such change to the SD Logo Guideline or the SD Logos.

## **5. Verification**

5.1 Licensee agrees that all products bearing or marketed under the SD Logos or otherwise claiming to be compatible with SD Products shall conform to the applicable SD Specifications and that all uses of the SD Logos shall fully comply with the SD Logo Guideline. Licensee further agrees that in case the Licensee sells any SD Host Products or SD Ancillary Products on an OEM basis to third parties, the Licensee shall cause, and bear responsibility for causing, such third parties to comply with the requirements that all products bearing or marketed under the SD Logos or otherwise claiming to be compatible with SD Products and sold by the third parties shall conform to the applicable SD Specifications, and that all uses of the SD Logos by the third parties shall comply with the SD Logo Guideline.

5.2 Licensee hereby agrees not to make, have made, design, use, offer for sale, sell, import, export, lease or otherwise dispose of a purported SD Product bearing or marketed under the SD Logos or otherwise claiming to be compatible with SD Products other than in full

compliance with the applicable SD Specifications and the procedures set forth below and in Schedule D, as may be amended from time to time by SD-3C LLC.

5.3 If at any time during the term hereof, the SD Association Compliance Committee determines, in its sole reasonable judgment, that Licensee may be manufacturing (except for prototypes), selling, marketing, promoting or distributing an SD Product bearing or marketed under SD Logos or otherwise claiming to be compatible with SD Products which is not in full compliance with the applicable SD Specifications, at the request of the SD Association Compliance Committee, such Licensee shall submit sample SD Product (except a prototype) to a Designated Laboratory (as defined in Schedule D) for verification in accordance with the procedures set forth in Schedule D.

5.4 If Final Failure (defined in Schedule D) is declared for an SD Product by the SD Association Compliance Committee in accordance with committee protocol, then SD-3C LLC shall have the right to terminate the rights relating to the SD Logos granted to such Licensee under this Agreement with respect to such SD Product that has been declared the Final Failure, upon thirty (30) days' prior written notice to Licensee.

5.5 The right of termination set forth in Article 5.4 above shall not be exclusive of any other remedies or means of redress to which the SD-3C LLC may be lawfully entitled, and all such remedies shall be cumulative. Upon termination pursuant to Article 5.4, all rights of Licensee granted hereunder, relating to the SD Logos with respect to the SD Product that failed to meet the verification standards, shall cease.

5.6 NO NOTICE OR STATEMENT OF ANY KIND SENT BY LICENSORS SHALL BE CONSTRUED AS A REPRESENTATION OR WARRANTY OF ANY KIND WITH RESPECT TO THE SD PRODUCT IDENTIFIED IN SUCH NOTICE OR STATEMENT, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR INTERCHANGEABILITY OR INTEROPERABILITY WITH OTHER SD PRODUCTS.

## **6. Services by SD Association**

6.1 Licensee agrees that SD Association signs this Agreement in its individual capacity and as an agent of SD-3C LLC, and that license administration for this Agreement, including but not limited to making and delivering of copies of the SD Specifications provided in Article 3.4 above, may be done by SD Association on behalf of SD-3C LLC.

6.2 Licensee agrees that SD Association acting through the SD Association Compliance Committee has the right as agent of SD-3C LLC, to request sample SD Product (except a prototype) from Licensee pursuant to Article 5.3 in order to perform verification in accordance with the procedures set forth in Schedule D. Licensee further agrees that the SD Association Compliance Committee may in its sole reasonable judgment request SD-3C LLC to amend Schedule D from time to time.

6.3 SD Association and SD-3C LLC may not disclose the identity of Licensee as a SD Host/Ancillary Product licensee except to TPHALs and TPCLs via the licensee-only section

of SD Association's web site, or as may be required by law or government agency with applicable jurisdiction.

## **7. Fees**

7.1 In consideration of the licenses granted hereunder, upon the terms and conditions and with the limitations set forth herein, Licensee agrees to pay to SD-3C LLC, via funds payable to SD-3C LLC delivered through SD Association, an annual license fee of one thousand US dollars (\$1,000.00). The license fee paid hereunder shall cover Licensee and Licensee's Affiliates listed in Schedule C, and shall not be returnable or refundable in any event.

7.2 In consideration of SD Association's administration of the specification book and the SD-3C LLC's license pursuant to Section 7.1 above, Licensee agrees to pay to SD Association, an annual administration fee of one thousand US dollars (\$ 1,000.00). The administration fee paid hereunder shall cover Licensee and Licensee's Affiliates listed in Schedule C, and shall not be returnable or refundable in any event.

7.3 The annual fees indicated in Articles 7.1 and 7.2 above shall be due January 1st of each calendar year for the term of the Agreement. Licensee agrees to pay the amounts due to Licensors to the SD Association within forty-five (45) days after receipt of an invoice from the SD Association each calendar year for the term of the Agreement. The annual fees will be pro-rated on a quarterly basis for the initial year of this Agreement. For example, if the Effective Date of this Agreement is in August, then the annual fees will be pro-rated by fifty percent (50%) to account for the two (2) full quarters during which this Agreement was not in effect.

7.4 Payments for verification costs and fees shall be governed by Schedule D hereto.

7.5 All payments made by Licensee to SD-3C LLC and SD Association under this Agreement shall be made without any deduction for any taxes, except any income or withholding taxes that are required to be withheld under any law of any applicable jurisdiction on any payments by Licensee to Licensors under this Agreement, which taxes shall be withheld by Licensee to the extent required by law and actually paid to the appropriate taxing authority. Licensee shall within forty-five (45) days following payment of any such taxes provide proof to SD Association of payment of such taxes (including, but not limited to, official receipts in the name of Licensors and photocopies of all forms filed by Licensee with the appropriate taxing authorities) together with certified English translations of such documentation (if not in the English language). Licensee shall indemnify and hold harmless Licensors for any penalties and interest that may be payable as a result of Licensee's failure to timely pay all taxes or other assessments of Licensors that Licensee is obligated to withhold. All other taxes imposed on payments by Licensee to Licensors including but not limited to value added taxes, consumption taxes, and sales taxes, which may be imposed now or in the future or under the laws of any applicable jurisdiction shall be Licensee's sole responsibility and Licensee shall promptly transmit such taxes to the appropriate authorities as and when they become due. Such taxes shall not affect Licensee's obligation to make payments to Licensors as required under this Agreement.

## **8. Ownership of the Essential Patent Claims, SD Specifications and SD Logos; Reservation of Rights**

8.1 Licensee acknowledges and agrees that this Agreement does not transfer or convey to Licensee ownership of or any rights in any of the Essential Patent Claims of the SD Group, SD Specifications, SD Application Formats or the SD Logos, except as expressly set forth herein. Licensee's use of the SD Logos (if Licensee has been granted the license to use the SD Logos) shall inure solely to the benefit of the owner of the SD Logos, as the owner of all rights in and to the SD Logos. Upon termination of this Agreement, no monetary amounts shall be assigned as attributable to any goodwill associated with such Licensee's use of the Essential Patent Claims of the SD Group, the SD Specifications, SD Application Formats or the SD Logos.

8.2 Licensor acknowledges and agrees that this Agreement does not transfer or convey to Licensor ownership of or any rights in any of the Essential Patent Claims or other intellectual property of Licensee, except as expressly set forth herein.

8.3 Licensors hereby reserve all rights not herein expressly granted to Licensee. Such reserved rights are the sole and exclusive property of the Licensors, SD Group or their respective licensors.

## **9. Confidentiality**

9.1 Licensee agrees that Licensee shall use SD Group Confidential Information or SD Association Confidential Information pursuant to the terms and conditions of this Agreement, only for the purposes expressly identified in Articles 2.1, 3.1 and 3.2 of this Agreement. Licensee further agrees that Licensee shall not disclose to any party SD Group Confidential Information or SD Association Confidential Information pursuant to the terms and conditions of the Agreement, except to those certain employees and independent contractors who require such access to carry out the purpose of this Agreement and who have agreed, in writing, to the confidentiality obligations hereunder.

9.2 Licensee shall not copy, alter, modify, disassemble or reverse engineer any of the SD Group Confidential Information or SD Association Confidential Information.

9.3 Licensee shall use the same degree of care, but no less than reasonable care under the circumstances, in keeping SD Group Confidential Information and SD Association Confidential Information confidential as it uses for its own confidential information of a similar nature.

9.4 The obligations under this Agreement shall not extend to Confidential Information that (i) was generally available to the public at the time it was disclosed; (ii) becomes generally available to the public after disclosure which is not a result of any improper inaction or action of Licensee, or breach of its obligations hereunder; (iii) was known to Licensee, other than under an obligation of confidentiality, at the time of disclosure; (iv) is disclosed to Licensee without confidential obligation by a third party with rightful authority to do so; (v) is independently developed by Licensee, through a person or persons who have not had access to the Confidential Information; or (vi) is disclosed by Licensors to a third party without restrictions on such third party's rights to disclose or use the same; provided however that the

confidentiality obligations under this Agreement shall always extend to any next generation card technology specifications disclosed by SD Association or SD-3C LLC to Licensee regardless of whether the disclosure occurred before Licensee's execution of this Agreement.

9.5 Licensee shall comply with all applicable rules and regulations of the United States, Japan and other countries and jurisdictions relating to the export or re-export of any Confidential Information or an SD Product. Notwithstanding the licenses granted in Articles 2.1, 3.1 and 3.2 above, Licensee shall further be responsible for obtaining any export license or authorization as may be required under such laws or regulations with respect to the export of any Confidential Information or a Licensee SD Product.

9.6 Notwithstanding anything to the contrary contained herein, Licensee may disclose Confidential Information if required by any judicial or governmental request, requirement or order, or by operation of law, provided, however, that Licensee shall promptly inform Licensors of such request, requirement or order and take steps necessary to obtain a protective order.

9.7 All of the confidentiality and limited use obligations contained herein shall survive for ten (10) years after receipt of the Confidential Information except for the SD Security Specification, which confidentiality period shall survive in perpetuity.

9.8 All Confidential Information shall remain the property of Licensors, SD Group, or the party which gave Licensors the authority to license such Confidential Information. At the reasonable request of Licensors, upon termination or expiration of this Agreement, and subject to the provisions of Section 14.2 below, all Confidential Information furnished to Licensee hereunder, and all copies thereof, if any, shall be, at the discretion of Licensors, returned to Licensors or destroyed, with a written representation, by Licensee.

## **10. SD Specifications Change**

10.1 SD-3C LLC shall only make corrections or other non-material changes to the SD Group Specifications, and SD-3C LLC shall amend Schedule A-1 to reflect such changes.

10.2 Upon adoption by SD Association, in accordance with the SD Association Intellectual Property Policy, any material changes to the SD Group Specifications will be deemed to be part of the SD Association Specifications, and the SD Association shall amend Schedule A-2 to reflect such material changes.

10.3 Licensee agrees to abide by the terms and conditions of the SD Association Intellectual Property Policy, set forth as Schedule E and hereby incorporated by reference, and the term "Member" shall be read to include Licensee where applicable, and the term "participate in the SDA" shall be read to include entering into this Agreement.

10.4 If a New Version is adopted by SD Association, then any license under the Essential Patent Claims of SD-3C LLC, or of Licensee, covering such New Version shall be governed by a separate agreement on reasonable terms to Licensee if not covered by the SD Association Intellectual Property Policy, and Licensee acknowledges and agrees that no Essential Patent Claims to such New Version are granted under this Agreement. Licensee further acknowledges and agrees that, notwithstanding the adoption of a New Version by SD

Association, the SD Group Specifications specified on Schedule A herein shall always be owned and licensed by SD Group and SD-3C LLC respectively.

## **11. Indemnification**

11.1 Licensee hereby agrees to indemnify, hold harmless and defend Licensors, and the SD Group, with respect to any third party claim arising out of, or relating to Licensee's making, having made, designing, using, offering for sale, selling, importing, exporting, leasing or disposing by other means of SD Host Products or SD Ancillary Products except to the extent that (i) such claim arises from a negligent act or willful misconduct of the Licensors, or the SD Group, or (ii) such claim is independently attributable to the SD Specifications, except for any claim arising out of, or relating to, the Content Protection for Recordable Media; provided, however, that Licensee receives prompt notice of any such claim and has the right to control the defense and settlement of such claim. Licensors hereby agree, at Licensee's written request and at Licensee's expense, to provide reasonable technical assistance in the defense of any such third party claim.

## **12. Warranties and Disclaimer**

12.1 SD-3C LLC represents, warrants and covenants that it has the right to enter into this Agreement and to license the Essential Patent Claims, the SD Group Specifications and SD Logos Licensable by SD Group to Licensee pursuant to the terms contained herein.

12.2 SD Association represents, warrants and covenants that it has the right to enter into this Agreement and to license the SD Association Specifications to Licensee pursuant to the terms contained herein.

12.3 Licensee represents and warrants that it has the right to enter into this Agreement and to license the Essential Patent Claims pursuant to the terms contained herein.

12.4 EXCEPT AS EXPRESSLY STATED IN ARTICLES 12.1, 12.2 AND 12.3 ABOVE, NEITHER LICENSORS, SD GROUP NOR LICENSEE MAKE ANY REPRESENTATION OR WARRANTY AS TO THE VALUE OR UTILITY OF THE PATENT CLAIMS LICENSED OR INFORMATION TO BE SUPPLIED PURSUANT TO THIS AGREEMENT, SUCH AS BUT NOT LIMITED TO THE ESSENTIAL PATENT CLAIMS, THE SD SPECIFICATIONS (INCLUDING EFFECTIVENESS OF SECURITY OF PART 3 OF SD SPECIFICATIONS (AND CONTENT PROTECTION FOR RECORDABLE MEDIA TECHNOLOGY WHICH IS NOT LICENSED UNDER THIS AGREEMENT)), THE SD LOGOS, AND TECHNICAL INFORMATION AND SUPPORT, IF ANY, OR THE ABILITY OF LICENSORS, SD GROUP OR LICENSEE TO MAKE USE THEREOF TO SECURE INTERCHANGEABILITY OR INTEROPERABILITY WITH OTHER SD PRODUCTS. NEITHER LICENSORS, SD GROUP NOR LICENSEE MAKE ANY WARRANTY WHATSOEVER THAT THE USE OF ESSENTIAL PATENT CLAIMS OR INFORMATION, INCLUDING BUT NOT LIMITED TO THE SD SPECIFICATIONS, SUPPLIED PURSUANT TO THIS AGREEMENT DOES NOT INFRINGE OR WILL NOT CAUSE INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT OWNED OR CONTROLLED BY ANY PERSON. EACH PARTY UNDERSTANDS AND AGREES THAT NEITHER THE

LICENSORS, THE SD GROUP NOR THE LICENSEE MAKES ANY WARRANTY WHATSOEVER THAT ANY MAKING, HAVING MADE, DESIGNING, USING, OFFERING FOR SALE, SELLING, IMPORTING, EXPORTING, LEASING OR DISPOSING BY OTHER MEANS OF SD HOST PRODUCTS OR SD ANCILLARY PRODUCTS WILL BE FREE FROM INFRINGEMENT OF ANY THIRD-PARTY INTELLECTUAL PROPERTY RIGHTS. NEITHER LICENSORS, SD GROUP NOR LICENSEE MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND ANY EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION THAT MIGHT ARISE FROM ANY ACTIVITIES OR INFORMATION DISCLOSURES RELATING TO THIS AGREEMENT.

### 13. **Limitation of Liability**

13.1 NEITHER LICENSORS NOR SD GROUP NOR ANY AFFILIATE, DIRECTOR, OFFICER, AGENT, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICIAL, OR EMPLOYEE ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY THE "LICENSOR AFFECTED PARTIES") SHALL BE LIABLE TO LICENSEE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS OR PERSONAL PROFITS, BUSINESS INTERRUPTION, OR ANY OTHER PECUNIARY LOSS) ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT, OR ARISING OUT OF LICENSEE'S MAKING, HAVING MADE, DESIGNING, USING, OFFERING FOR SALE, SELLING, IMPORTING, EXPORTING, LEASING OR DISPOSING BY OTHER MEANS OF ANY PRODUCTS THAT IMPLEMENT THE ESSENTIAL PATENT CLAIMS, SD SPECIFICATIONS OR SD LOGOS WHETHER UNDER A THEORY OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY OR OTHERWISE, EVEN IF THE LICENSOR AFFECTED PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13.2 NEITHER LICENSEE NOR ANY AFFILIATE, DIRECTOR, OFFICER, AGENT, MEMBERS, REPRESENTATIVES, EQUIVALENT CORPORATE OFFICIAL, OR EMPLOYEE ACTING IN THEIR CAPACITIES AS SUCH (COLLECTIVELY THE "LICENSEE AFFECTED PARTIES") SHALL BE LIABLE TO LICENSORS FOR ANY INDIRECT OR CONSEQUENTIAL DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS OR PERSONAL PROFITS, BUSINESS INTERRUPTION, OR ANY OTHER PECUNIARY LOSS) ARISING OUT OF ANY CAUSE OF ACTION RELATING TO THIS AGREEMENT WHETHER UNDER A THEORY OF CONTRACT, TORT, INDEMNITY, PRODUCT LIABILITY OR OTHERWISE, EVEN IF THE LICENSEE AFFECTED PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING AND SUBJECT TO ARTICLE 15.5 BELOW, LICENSEE AFFECTED PARTIES SHALL REMAIN LIABLE TO LICENSORS FOR ANY CLAIMS ASSERTED BY LICENSORS OR THE SD GROUP AGAINST THE LICENSEE AFFECTED PARTIES FOR REASONABLE ATTORNEY FEES AND COSTS OF SUIT.

13.3 TO THE EXTENT THAT ANY COURT OF COMPETENT JURISDICTION RENDERS JUDGMENT AGAINST ANY OF THE LICENSOR AFFECTED PARTIES NOTWITHSTANDING THE ABOVE LIMITATION, THE LICENSOR AFFECTED PARTIES' AGGREGATE LIABILITY TO THE LICENSEE IN CONNECTION WITH THIS AGREEMENT SHALL IN NO EVENT EXCEED THE AMOUNT OF MONEY RECEIVED BY LICENSORS FROM SUCH LICENSEE UNDER THIS AGREEMENT IN THE TWELVE (12) MONTHS PRECEDING THE DATE ON WHICH SUCH LIABILITY ARISES.

13.4 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, EXCEPT FOR WILLFUL MISCONDUCT OR BREACH OF CONFIDENTIALITY BY LICENSEE, LICENSEE'S MAXIMUM AGGREGATE LIABILITY TO LICENSORS SHALL IN NO EVENT EXCEED THREE MILLION U.S. DOLLARS (US\$ 3,000,000).

#### **14. Term and Termination**

14.1 This Agreement shall become effective as of the Effective Date and shall continue in force for a period of three (3) years and shall automatically extend for additional one year periods, unless Licensee delivers written notice of termination to the Licensors at least sixty (60) days prior to the expiration of the term of this Agreement or any extension thereof, until ten (10) years from the Effective Date. The parties agree that prior to such expiration at the end of the 10-year term (other than earlier termination of this Agreement pursuant to the provisions herein), the parties shall negotiate in good faith to renew the license granted herein as such renewal may be subject to further terms and conditions, including payment of then determined license fees.

14.2 Immediately upon expiration or earlier termination of this Agreement, Licensee shall return to Licensors or destroy at Licensors' instruction, all SD Specifications licensed to Licensee hereunder, the SD Logo Guideline (if Licensee has been granted the license to use the SD Logos), and all copies of the foregoing documents, upon the last date that this Agreement remains in force and effect. To the extent Licensee is required by effect of statute or other governmental regulation, Licensee may, upon written explanatory notice to Licensors, maintain copies of relevant SD Specifications for the limited purposes required by such statute or other governmental regulation. Licensee acknowledges and agrees that, on the last day of the term of this Agreement or its earlier termination, all rights of Licensee granted hereunder shall cease; provided however, that (i) Licensee shall have the right to sell remaining inventory stock and complete and sell any manufacturing work in process that complies with the SD Specifications, and (ii) end-users may continue to use SD Products sold by Licensee.

14.3 Any party may terminate this Agreement at any time on sixty (60) days' notice to the other parties in the event that the latter shall materially breach or fail to perform any material obligation under this Agreement and such default is not remedied within sixty (60) days after notice is given specifying the nature of the default. Such right of termination shall not be exclusive of any other remedies or means of redress to which the non-defaulting parties may be lawfully entitled, and all such remedies shall be cumulative.

14.4 Subject to Article 2.8 above, Licensee hereby agrees that all licenses granted prior to the termination or expiration of this Agreement by Licensee in accordance with Articles 2.4

and 2.5 above to members of the SD Group and to each TPHAL and TPCL for Essential Patent Claims, shall survive the termination or expiration of this Agreement.

14.5 Licensee hereby agrees that the use of the SD Logos in any way not in compliance with the SD Logo Guideline, as such SD Logo Guideline may be modified from time to time upon reasonable notice to Licensee, or on any product or in any advertisement or sales literature concerning any product, which product does not comply with the SD Specifications, shall constitute a material breach of this Agreement. Nothing in this Section 14.5 shall have the effect of limiting the ability of Licensee to discontinue use of the SD Logos under Section 4.11 of this Agreement.

14.6 In the event that any Event of Bankruptcy occurs, then Licensors or Licensee may give notice to the offending party terminating this Agreement and this Agreement shall be terminated in accordance with the notice. An “Event of Bankruptcy” occurs if:

- (i) a decree or order by a court having jurisdiction in the premises has been entered adjudging a party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, readjustment, arrangement, composition, winding up or similar relief for a party under any applicable statute, or a decree or order of a court having jurisdiction in the premises for the appointment of a liquidator, receiver, administrator, trustee or assignee in bankruptcy or insolvency or other similar person or official of a party or of a substantial part of the property, or for the winding up or liquidation of the affairs of Licensee has been entered and remains unstayed; or if any substantial part of the property of a party has been sequestered or attached and has not been returned to the possession of a party or released from such attachment within fourteen (14) days thereafter; whether any such act or event occurs in the United States, or any foreign country, subdivision thereof, or any other jurisdiction; or
- (ii) if the other party becomes the subject of a voluntary or involuntary petition in bankruptcy or any similar proceeding relating to insolvency, receivership or reorganization and if such petition or proceeding is not dismissed within sixty (60) days of filing. If such proceeding is involuntary and is contested in good faith, this Agreement shall terminate only after the passage of one hundred twenty (120) days without the dismissal of such proceeding

14.7 Subject to Article 14.4 above, Licensee may terminate this Agreement (i) within thirty (30) days of adoption of a New Version by giving written notice to the Licensors; or (ii) anytime after giving ninety (90) days advanced written notice to Licensors; provided, however, nothing in this Agreement shall relieve Licensee of its obligations under the SD Association Intellectual Property Policy.

14.8 The provisions set forth in Articles 4.11, 8 through 13, 14.2, 14.4, 14.8, 15 and the fees past due under Article 7 and Schedule D, shall survive the termination or expiration of this Agreement in perpetuity.

## 15. **Miscellaneous**

15.1 Licensee agrees that it has no right to bring any actions for unauthorized use or infringement of any of the Essential Patent Claims of the SD Group, the SD Specifications or the SD Logos. Licensee will promptly notify Licensors should it learn of any such potential unauthorized use or infringement. In any suit or action brought against Licensee that challenges or concerns the validity of any right granted by Licensors hereunder, Licensors shall have the option, at their own expense, to assume the defense of any such right granted by Licensors.

15.2 The performance by Licensors and Licensee of their respective obligations hereunder shall be conditioned upon and subject to the receipt of all necessary export approvals required by and all restrictions or conditions imposed by any relevant government.

15.3 This Agreement and the rights granted hereunder shall be personal to Licensee and shall not be assigned, pledged, divided or otherwise encumbered in any way except that they may be assigned in connection with a merger, sale, change of control or reorganization pursuant to which Licensee transfers all, or substantially all, of the assets of Licensee, provided that the assignee agrees, in writing, to be bound by the terms and conditions of this Agreement and Licensee provides prior written notice to SD Association. Licensee shall not have the right to sublicense any rights granted hereunder, provided that nothing herein shall prohibit or otherwise restrict end users' rights to use SD Host Products and SD Ancillary Products manufactured hereunder by Licensee. Licensors shall have the right to assign this Agreement, at any time during the term thereof, to any other party which succeeds Licensors in their function as the licensor of the Essential Patent Claims of the SD Group, the SD Specifications and the SD Logos, upon reasonable prior written notice to Licensee.

15.4 Wherever provision is made in this Agreement for the giving of any notice, such notice shall be in writing and shall be deemed to have been duly given if mailed by first class mail, postage prepaid, addressed to the party entitled to receive the same, or delivered personally to such party, or sent by facsimile transmission, or sent by electronic mail, or sent by courier,

if to Licensors, to:

**SD Card Association**

2400 Camino Ramon, Suite 375

San Ramon, CA 94583

Attention: Paul Ritchie

Executive Director SD Card Association

Telephone: (925)275-6615

Fax: (925) 275-6691

Email: [president@sdcard.org](mailto:president@sdcard.org) AND

**SD-3C, LLC**

c/o Miller, Kaplan, Arase and Co., LLP

4123 Lankershim Blvd.

North Hollywood, CA 91602-2828

Attention: Michael Quackenbush

Fax: (818) 769-3100

With copy to:  
DLA Piper LLP (US)  
Legal Counsel for SD Card Association  
2000 University Avenue  
Palo Alto, CA 94303-2248  
Attention: James M. Vickery  
Fax No.: 650-833-2001

And if to Licensee, to:  
Attention: Fax No.:

or to such other address, in any such case, as any party hereto shall have last designated by notice to the other party. Notice shall be deemed to have been given on the day that it is so delivered personally or sent by facsimile transmission and the appropriate answer back or confirmation of successful transmission is received or, if sent by courier, shall be deemed to have been given two (2) business days after delivery by the courier company, or if mailed, ten (10) business days following the date on which such notice was so mailed.

15.5 THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF CALIFORNIA, AS IF THIS AGREEMENT WERE WHOLLY EXECUTED AND WHOLLY PERFORMED WITHIN SUCH STATE, AND WITHOUT REFERENCE TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF. THE PREVAILING PARTY IN ANY DISPUTE WITH RESPECT TO THIS AGREEMENT SHALL BE ENTITLED TO RECEIVE ITS REASONABLE AND DOCUMENTED FEES AND COSTS, INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS ON THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT.

15.6 ALL DISPUTES BETWEEN THE PARTIES HERETO ARISING OUT OF OR IN CONNECTION WITH THE INTERPRETATION OR EXECUTION OF THIS AGREEMENT, LICENSORS' LICENSING OF THE ESSENTIAL PATENT CLAIMS, THE SD SPECIFICATIONS, AND THE SD LOGOS, OR LICENSEE'S USE OF THE ESSENTIAL PATENT CLAIMS OF THE SD GROUP, THE SD SPECIFICATIONS AND THE SD LOGOS, SHALL BE FINALLY SETTLED BY THE FEDERAL OR STATE COURTS LOCATED IN THE COUNTY OF SANTA CLARA IN THE STATE OF CALIFORNIA; AND EACH PARTY TO THIS AGREEMENT HEREBY: (i) IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS FOR THE RESOLUTION OF SUCH DISPUTES; (ii) IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF SAID COURTS IN ANY SUCH DISPUTE BY PERSONAL DELIVERY OR MAILING OF PROCESS BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, AT THE RESPECTIVE ADDRESS SET FORTH IN ARTICLE 15.4 ABOVE; (iii) IRREVOCABLY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN SUCH COURTS OR TO THE CONVENIENCE OR INCONVENIENCE OF CONDUCTING OR PURSUING ANY ACTION OR PROCEEDING IN ANY SUCH COURT; AND (iv) IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL

BY JURY REGARDING THE RESOLUTION OF ANY DISPUTES BETWEEN THE PARTIES HERETO ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

15.7 This Agreement shall inure to the benefit of the parties hereto and each of their respective Affiliates, provided that (i) such Affiliates shall comply with the terms of this Agreement, (ii) nothing herein shall relieve any party of any of its obligations under the terms of this Agreement, and (iii) a party shall be responsible for the acts and omissions of its Affiliates as if such acts and omissions had been the acts and omissions of such party.

15.8 This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges all prior discussions between them and neither of the parties shall be bound by any conditions, definitions, warranties, waivers, releases or representations (either expressed or implied) with respect to the subject matter of this Agreement, other than expressly set forth herein (including the exhibits hereto), or as duly set forth on or subsequent to the date hereof in writing signed by a duly authorized representative of the party to be bound thereby.

15.9 This Agreement may be executed in counterparts (including facsimile transmission) each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

15.10 At the request of Licensors, Licensee shall update the list in Schedule C if such list has not been updated in the immediately preceding three (3) months.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the Effective Date.

SD CARD ASSOCIATION, individually  
and on behalf of SD-3C, LLC (“Licensors”)

\_\_\_\_\_  
 (“Licensee”)

By (Sign):

By (Sign):

Name (Print): Paul Ritchie

Name (Print):

Title: Executive Director

Title:

Date:

Date:

## **SCHEDULE A-1**

### **SD GROUP SPECIFICATIONS:**

- SD Physical Specification: Part 1 Physical Layer Specifications Version 1.01  
Released on April 15, 2001.
- SD Logical Specification: Part 2 File System Specifications Version 1.01  
Released on April 15, 2001.
- SD Security Specification: Part 3 Security Specifications Version 1.01  
Released on April 15, 2001.
- SD Application Format: Part 4 Audio Specifications Version 1.01  
Released on April 15, 2001.

**SCHEDULE A-2**  
**SD ASSOCIATION SPECIFICATIONS:**

1. Material revisions to the SD Group Specifications (as listed on Schedule A-1), if any.
2. SD application specifications
  - Part 5: Picture Specification, Version 1.0
  - Part 6: Voice Specification, Version 1.0
  - Part 7: pDocument Specification, Version 1.0
  - Part 8: Video Specification, Version 1.0
  - Part 9: PIM Specification, Version 1.0
  - Part 10: Image Specification, Version 1.0
3. SD I/O Extension, Part E-1
4. Any and all additional parts or revisions to the SD Association Specifications or SD Group Specifications that SD Association makes available to Licensee pursuant to this Agreement.

## **SCHEDULE B-1**

SD Logo Guideline: SD Graphic Standards Manuals available from the SD Association website.

## **SCHEDULE B-2**

SD Logos: SD Logos as available from the SD Association website.

## **SCHEDULE B-3**

### Description of SD Application Formats

If an SD Host Product or SD Ancillary Product is not compatible with all three codecs (AAC, MP3, MS-Audio), the name(s) of each codec for which the product is compatible should be set off in the parentheses, for example, SD Audio (AAC) for a product that is only compatible with AAC.

**SCHEDULE C**

List of Licensee's Affiliates as of \_\_\_\_\_:

## **SCHEDULE D VERIFICATION PROCEDURE**

1. Licensee shall, before the initial shipment of each different model of SD Host Products or SD Ancillary Products, finish self-verification on such products in accordance with SD Specifications provided by Licensors and in accordance with procedures set forth herein.

2. If, in its reasonable judgment, the results of the verification at its own facility are that such SD Host Products or SD Ancillary Products do not comply with the applicable SD Specifications, Licensee shall modify the non-compliant products so as to comply and verify that such modified products are compliant or determine not to ship such products with the SD Logos.

3. Licensee shall keep records of the verification conducted at its own facility for at least two (2) years after the discontinuation of production of the relevant model.

4.1 If requested by the SD Association Compliance Committee pursuant to Article 5.3 of this Agreement, Licensee shall immediately submit one (1) sample of SD Host Product or SD Ancillary Product (except prototypes), as the case may be, which the SD Association Compliance Committee suspects to be non-compliant with the applicable SD Specifications and the Licensee's verification records for such products, to a laboratory designated by Licensee from among the list then provided by the SD Association Compliance Committee ("Designated Laboratory").

4.2 The Designated Laboratory shall inform the SD Association Compliance Committee and the Licensee of the result of the verification. If the result of the verification is that, in the sole reasonable judgment of the SD Association Compliance Committee, such sample product does not comply with the applicable SD Specifications, the SD Association Compliance Committee shall have the right, after explaining the reasons for failure, to request that Licensee modify the non-compliant product so as to comply, and submit one (1) sample of such modified product to a Designated Laboratory within a reasonable period of time. Upon request by the SD Association Compliance Committee, Licensee shall promptly provide information for the Designated Laboratory to trace the cause of such non-compliance with the applicable SD Specifications.

4.3 If, (a) as the result of the second verification in the sole reasonable judgment of the SD Association Compliance Committee the sample product still fails to comply with the applicable SD Specifications, or (b) Licensee fails to submit a modified product within such period set forth in Article 4.2 of this schedule, the SD Association Compliance Committee, in its sole reasonable discretion, shall have the right, after explaining the reasons for failure, either to request that Licensee further modify the product and submit such further modified product to a Designated Laboratory, or to declare and inform Licensee of a final failure to conform to the applicable SD Specifications ("Final Failure").

4.4 Licensee or SD Association, as applicable as described below, shall pay to the Designated Laboratory a verification fee as charged by the Designated Laboratory, according to the following conditions:

(a) In all cases, Licensee shall pay the verification fee for the first submission of a particular sample product to the Designated Laboratory pursuant to Article 4.1 of this Schedule D.

(b) If Licensee's sample product has previously passed the Designated Laboratory's verification procedure, and SD Association subsequently requires the same sample product to be submitted a second time pursuant to Article 4.1, and the same sample product:

- (i) fails the verification procedure, then Licensee shall pay the verification fee.
- (ii) passes the verification procedure, then SD Association shall pay the verification fee.

(c) In all cases, Licensee shall pay the verification fee for any submission of a particular sample product to the Designated Laboratory pursuant to Articles 4.2 or 4.3 of this Schedule D.

The transportation fees for any submission and return of Licensee's SD Product sample or test results shall in all cases be borne by Licensee.

5. All test results, product samples and other information submitted by Licensee to the SD Association and Designated Laboratory in compliance with the verification procedure shall be treated as confidential information of Licensee and shall not be disclosed by the SD Association and Designated Laboratory to any third party or used for any other purpose other than for verification purposes as defined in this Schedule D.

## SCHEDULE E

### SD ASSOCIATION INTELLECTUAL PROPERTY POLICY

This Intellectual Property Policy ("**IP Policy**") is designed to state clearly the expectation of the SD Card Association ("**SDA**"), with regard to any individual member company's ("**Member**") intellectual property as well as the intellectual property of the SDA, 3C Members (as defined below) and the SD-3C, LLC, respectively.

The SDA is committed to an open standard and strives to establish high quality specifications that can be implemented in a compliant manner by any interested party. Therefore, the SDA will only include a Member's proprietary technology in the SDA's specifications if the owner of that technology agrees to reasonable and non-discriminatory licensing terms as set forth below.

The SDA Board of Directors, or its delegates, shall have the responsibility of determining Members' compliance with this IP Policy. By joining or continuing to participate in the SDA, each Member agrees to abide by the terms of this IP Policy including with respect to any Adopted Specifications which were adopted prior to or during its membership. Members failing to abide by this IP Policy are subject to expulsion from the SDA.

#### 1. TYPE OF SPECIFICATIONS

The SDA will have essentially two types of specifications at any given time, proposed specifications and adopted specifications.

"**Proposed Specifications**" are those specifications that have not yet been formally adopted by the SDA and which remain subject to review and comment by Members during specified periods of time.

On the other hand, "**Adopted Specifications**" are those specifications that have gone through the formal process of being adopted by the SDA as part of the standard. Subject to agreement of certain terms, Adopted Specifications can be licensed for commercial purposes.

For purposes of this IP Policy, references to "**Specifications**" shall mean Proposed Specifications and Adopted Specifications collectively.

#### 2. PATENTS

Subject to the provisions of Section 5, each Member must be prepared to license in a non-discriminatory fashion, and on reasonable terms, to all other Members and non-member licensees (collectively, "**Licensees**"), such Member's Patent Claims which are required to implement the Adopted Specifications ("**Essential Patent Claim(s)**"). As used herein, the term "Patent Claims" means the claims of a patent, whether issued and existing or pending, which are either owned and under the control of such party or licensed and sub-licensable by such party under the terms set forth herein. If a Member desires to incorporate any changes to the Specifications (whether intellectual property rights in those are owned by such Member or a third party), then such changes will not be incorporated into the Specifications unless such Member or the third party likewise agrees to license any Essential Patent Claims, as the case may be, that cover such changes on the same terms as described in this Section 2.

Licensing rights that include granting the SDA the right to sub-license, directly or through other licensing entities, and licensing at zero cost to Members, are the terms considered to be most desirable by the SDA.

Certain exceptions apply to the licensing requirement stated in this Section 2. A Member will not be required to license or continue to license its Essential Patent Claims to a Licensee if: (i) such Licensee does not agree to grant back a license to all other Licensees under such party's Essential Patent Claims on terms and conditions comparable to those contained in the license granted by the Member and/or (ii) such Licensee has commenced or has threatened to commence patent litigation on an Essential Patent Claim against such Member while such patent litigation or dispute is continuing relating to products compliant with the Adopted Specifications.

### 3. COPYRIGHTS

Copyrighted material submitted by a Member for inclusion in a Specification (“**Submitted Material**”) must include at the time of submittal a non-exclusive, perpetual, irrevocable, sub-licensable (through multiple tiers), royalty free, worldwide license to the SDA to use, reproduce, modify, prepare derivative works of, distribute, publicly display and/or perform the Submitted Material and/or any derivative thereof. The Member (on behalf of itself and any employees, contractors, consultants or agents involved in the creation of such Submitted Material) hereby waives and agrees not to assert any and all moral rights, including, without limitation, any right to identification of authorship or limitation on subsequent modification in such Submitted Material. The Member represents and warrants that to its knowledge (a) no information in such Submitted Material is confidential (except as such material may be incorporated in the Specifications as set forth in Section 6 of this IP Policy) and that the SDA may freely disclose such information, (b) there are no limits to the Member’s ability to make the grants, acknowledgements and agreements herein, and (c) the Member has not included in the materials any information which is defamatory, untrue or which is illegal under the laws of the jurisdiction in which the Member has its principal place of business. SDA shall own the copyright in Adopted Specifications, subject to the underlying copyright rights of the submitting Member in the Submitted Material, provided that the submitting Member shall have no rights, whether expressly, or by implication, estoppel or otherwise, in such Adopted Specification, including the modifications made to Submitted Material by the SDA and/or its working groups or committees and/or other materials combined or collected with such Submitted Material. Any publication of an Adopted Specification shall contain an appropriate copyright notice in the name of SDA and its licensors (and in the case of specifications incorporating portions of Parts 1-4 of Versions 1.0 and 1.01, the 3C Members as defined below), without further identification or attribution to the submitting Member.

Notwithstanding the foregoing, the copyrights in Parts 1-4 of Versions 1.0 and 1.01 of the Adopted Specifications shall be owned by Panasonic Corporation, SanDisk Corporation and Toshiba Corporation (collectively, the “**3C Members**”) and licensed by SD-3C, LLC under the terms of the SD Host/Ancillary Product License Agreement and/or the SD Memory Card License Agreement as such Adopted Specifications are available on the secure Members Site, HALA Site and LAMS Site at [www.sdcard.org](http://www.sdcard.org).

### 4. TRADE SECRETS

With respect to information disclosed by any Member to the SDA or during any SDA Meeting to any other Member relating to SDA matters, such information shall be non-confidential and treated as such by the SDA and other Members, unless otherwise covered by Section 6 below. As used herein the term “**SDA Meeting**” means an SDA general session, e-mail reflector communication, working group meeting or other SDA meeting held in any manner authorized by the SDA Bylaws (e.g. in person or teleconference). With respect to Submitted Material, the Member who submitted such material may continue to use and disclose such material, except as part of any Adopted Specification and except for the derivative works created by the SDA.

Each Member grants to SDA a perpetual, irrevocable, royalty free, non-exclusive, worldwide license to any information, trade secret or know-how of such Member that has been provided by such Member and incorporated into any Specifications, to issue and license such

Specifications to Licensees pursuant to terms and conditions, and to otherwise use and disclose (subject to the prior consent of the SD-3C, LLC with respect to Parts 1-4 of Versions 1.0 and 1.01) such Specifications, as determined by the SDA Board of Directors. Each Member waives the right to receive compensation (for example, a share of the license fee or administration fee, if any), that may be received from Licensees for the Specifications into which such information, trade secrets or know-how of the Member has been incorporated.

Notwithstanding the foregoing, any trade secrets in Parts 1-4 of Versions 1.0 and 1.01 of the Adopted Specifications shall be owned by the 3C Members and licensed by SD-3C, LLC under the terms of the SD Host/Ancillary Product License Agreement and/or the SD Memory Card License Agreement as such Adopted Specifications are available on the secure Members Site, HALA Site and LAMS Site at [www.sdcard.org](http://www.sdcard.org).

## 5. DISCLOSURE POLICY

When considering whether proprietary technology should be included in the Specifications, the SDA balances the benefits of such technology with the burden of compliance with licensing requirements. As such, any Member making a Contribution (as defined below) to a Specification shall disclose, at the time of submittal, all known proprietary intellectual property rights included in the Contribution and shall provide to the SDA a completed License Assurance / Disclosure Form either (i) at the time such Contribution is made in written form, or (ii) within twenty (20) days after an oral Contribution is memorialized in written documentation as set forth below. As used herein, the term “**Contribution**” means any Submitted Material, proposal, suggestion, or other submission offered by a Member in the process of developing a Specification for the purpose of incorporating such Submitted Material, proposal, suggestion, or other submission into a Specification, provided that such Submitted Material, proposal, suggestion, or other submission either (a) exists in a tangible form of expression (including in electronic media); or (b) is a verbal statement that is memorialized in written documentation (such as a Proposed Specification, Submitted Material or meeting minutes) and is either confirmed or not objected to by such Member within twenty (20) calendar days after its receipt of or access to such memorialization, including without limitation via posting on the SDA website. All Members of the SDA are encouraged to disclose all known proprietary intellectual property rights in a proposal for a Specification by completing the License Assurance / Disclosure Form as soon as it comes to their attention. (Disclosure by itself does not diminish any ownership rights in the proprietary technology or associated intellectual property rights.)

Each Member that participates (as defined below) in the Technical Committee or other working group (“**Participant**”) shall as a condition of participation agree to license in a non-discriminatory fashion, and on reasonable terms, to all other Licensees, such Participant’s Essential Patent Claims. A Member shall be deemed to “**participate**,” if the Member or its representative: (1) formally joins the Technical Committee or other working group involved in the development of or amendments to Specifications (“**Relevant Working Group**”) as a listed participant; or (2) makes a Contribution to such Technical Committee or other Relevant Working Group; or (3) attends more than one (1) meeting of such Technical Committee or other Relevant Working Group (in person or by telephone) within a one-year period. A Participant may be relieved from such licensing commitment only to the extent that it discloses its Essential Patent Claims and formally withdraws from participation within a reasonable time of the formulation of a Proposed Specification but in no event later than the commencement of the Notice Period as defined below.

Disclosure of Essential Patent Claims under this Section 5 shall mean the following: (a) with respect to issued patents, the patent holder name, address and IPR contact person; name or title of the patent; the patent number; the date of filing and the date of issuance; the jurisdiction of issuance, (b) with respect to published applications, the patent holder name, address and IPR contact person; name or title of the patent; the patent application number; the date and jurisdiction of filing, and (c) with respect to unpublished pending application, disclosure merely

of the existence of such unpublished application(s), provided that in the event the patent application holder does not indicate its willingness to license in a non-discriminatory fashion, and on reasonable terms, to all Licensees, such patent application holder must identify the portion(s) of the proposed specification on which such Essential Patent Claims(s) read(s). Nothing herein precludes broader disclosure of unpublished patent applications on a voluntary basis or pursuant to a non-disclosure agreement. If any disclosed patent or patent application contains Essential Patent Claims which, if licensed, would require a payment of royalties or other material consideration to an unaffiliated third party, the Member must also highlight this fact in its disclosure statement.

When a formal written recommendation is published to all the Members in accordance with Section 10.1 (a) of the Amended and Restated Bylaws of the SD Card Association (“**SDA Bylaws**”) and to all non-member licensees, each Licensee will be required to disclose to the SDA's Technical Committee all of its Essential Patent Claims that to its knowledge are required to implement the Proposed Specifications recommended by the Technical Committee, such notice to be given within sixty (60) days from the date such recommendation is published (“**Notice Period**”). Licensees making such disclosure shall provide to the SDA a completed License Assurance / Disclosure Form within the Notice Period.

Notwithstanding anything to the contrary in this IP Policy and except as set forth above for Participants, with regard to Essential Patent Claims required to implement a Proposed Specification, a Licensee is given the following options on licensing by providing to the SDA a completed License Assurance / Disclosure Form within the Notice Period:

- (i) agree to license in a non-discriminatory fashion for use in such implementation, on such terms as are disclosed with such statement, to all Licensees, once the Proposed Specification is adopted by the SDA; or
- (ii) agree to license in a non-discriminatory fashion for use in such implementation, upon reasonable terms and conditions as provided in Section 2 above, with or without charge, to all Licensees once the Proposed Specification is adopted by the SDA; or
- (iii) do not agree to license in connection with any or all of the implementations described in the Proposed Specification, in which case the SDA will not include such Licensee's proprietary technology in the Specifications.

If a Licensee does not provide such a statement and submit a License Assurance / Disclosure Form before the end of the Notice Period, the Licensee will be deemed to have agreed to grant non-discriminatory licenses upon reasonable terms in accordance with the provisions of this Section 5(ii) above, with or without charge. Upon conclusion of such Notice Period and pursuant to Section 10.1 of the SDA Bylaws, the Technical Committee may modify the Proposed Specification in light of such disclosure and resubmit the modified Proposed Specification to the Licensees for reconsideration.

The IP Policy applies equally to situations involving the Essential Patent Claims that issue or are discovered after adoption of the Specification. In the event that such additional Essential Patent Claims of a Licensee come to the attention of such Licensee, such Licensee shall promptly notify the SDA in writing of such rights by submitting a License Assurance / Disclosure Form and shall make licenses available under such Essential Patent Claims in a non-discriminatory fashion, and on reasonable terms, to all other Licensees, subject to the terms of this IP Policy. Upon becoming a Licensee, a Licensee shall be deemed to have agreed to license in a non-discriminatory fashion, and on reasonable terms, to all other Licensees, such Licensee's Essential Patent Claims in any Specifications adopted prior to becoming a Licensee and, except as set forth in (iii) above, any Specification adopted while a Licensee until such Licensee withdraws from membership and/or terminates its license.

Notice is given that Parts 1-4 of Versions 1.0 or 1.01 of the Adopted Specification and other

Adopted Specifications implementing or incorporating any portion(s) of such parts, contain intellectual property held by the SD-3C, LLC and/or 3C Members licensed by the SD-3C, LLC through the SD Host/Ancillary Product License Agreement or the SD Memory Card License Agreement (“**3C Notice**”). The above 3C Notice shall be a sufficient disclosure for purposes of this IP Policy or during any IP review period to the extent the same Essential Patent Claims are required for any Proposed Specification implementing or incorporating any portion(s) of Parts 1-4 of Versions 1.0 or 1.01 of the Adopted Specification, provided that such Essential Patents Claims are licensed by the SD-3C, LLC under the terms of the SD Host/Ancillary Product License Agreement and/or the SD Memory Card License Agreement.

To the extent any other Essential Patent Claims are disclosed against a Specification, information regarding any parties who have claimed patent rights in the Specification may be obtained from the SDA Administrative Office.

The SDA makes no representation as to the reasonableness of any terms or conditions of the license agreements offered by such patent rights holders, and all negotiations regarding such terms and conditions must take place between the individual parties outside the context of SDA. Notice is hereby given, however, that it is also possible that other patent rights that have not been disclosed to the SDA may be implicated by implementation of or compliance with an Adopted Specification. The SDA is not responsible for identifying patent claims for which a license may be required in order to implement an Adopted Specification, and takes no position and conducts no inquiries with respect to the legal validity or scope of those patents or patent claims that are brought to its attention.

## **6. NONDISCLOSURE OF SPECIFICATIONS AND OWNERSHIP**

As used herein “**Confidential Information**” means the Specifications (except to the extent disclosed in the Simplified Specifications posted on the public portion of the SDA Website) and other information, visual, oral or written, which is designated as confidential during any SDA Meeting or which is disclosed in a SDA Meeting and a reasonable person would understand to be confidential or proprietary from the context of such disclosure. Confidential Information shall be deemed the proprietary and trade secret information of the SDA and, with respect to Parts 1-4 of Versions 1.0 or 1.01 of the Adopted Specification, the 3C, LLC and/or 3C Members. Members agree to not disclose Confidential Information to any non-Member, to maintain the confidentiality of such information and to use such information only for the following purposes: (i) to facilitate discussions within the SDA Meetings or discussions amongst Members during interim periods between such SDA Meetings for the definition, development and promotion of technical specifications; and (ii) to evaluate the Specifications internally for use in developing, designing and/or manufacturing possible future products which are compliant with such Specifications (the “**Purposes**”).

Members further agree to use at least reasonable care to protect the Confidential Information from unauthorized use or disclosure. Except as expressly set forth in a License Agreement (as defined below), this commitment shall include limiting dissemination of the Confidential Information to those employees with a need to know such information to carry out the Purposes and who are bound by written confidentiality obligations substantially similar to the obligations stated in this IP Policy. Members also agree to comply with any export laws or regulations regarding a Member's own dissemination of the Confidential Information.

No license, express or implied, is granted to Members for the Confidential Information other than the Purposes. Commercial use of the Adopted Specifications requires a separate written definitive license agreement to be consummated between a Member and the SDA and/or SD-3C, LLC, as appropriate (“**License Agreement**”). Members agree that both the SDA, each member of the 3C Members and the SD-3C, LLC shall have standing and rights to enforce their respective interests in any intellectual property covered by this IP Policy.

Members agree to give the SDA prompt written notice of any unauthorized use or disclosure of the Confidential Information, with verification of receipt. Upon receipt of any such notice, the SDA will take those steps that it deems appropriate in its discretion in light of the information it receives.

**Members agree that the Confidential Information and the Simplified Specification is provided to Members: (i) on an "AS IS" basis and may have defects or deficiencies that cannot and will not be corrected; and (ii) without any warranties of any kind, express, implied or statutory, including but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement.**

**MEMBERS AGREE THAT IN NO EVENT SHALL THE SDA BE LIABLE FOR ANY MONETARY DAMAGES WITH RESPECT TO ANY CLAIMS RELATED TO, OR ARISING OUT OF, THE CONFIDENTIAL INFORMATION AND/OR THE SIMPLIFIED SPECIFICATION OR ANY MEMBER'S USE OF THE CONFIDENTIAL INFORMATION AND/OR THE SIMPLIFIED SPECIFICATION, OR PORTIONS THEREOF, INCLUDING BUT NOT LIMITED TO ANY LIABILITY FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES, EVEN IF THE SDA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN ADDITION MEMBERS ALSO AGREE THAT IN NO EVENT SHALL THE SD-3C, LLC OR ANY OF THE 3C MEMBERS BE LIABLE FOR ANY MONETARY DAMAGES WITH RESPECT TO ANY CLAIMS RELATED TO, OR ARISING OUT OF, PARTS 1-4 OF VERSIONS 1.0 OR 1.01 OF THE ADOPTED SPECIFICATION OR ANY PORTION THEREOF IN THE SIMPLIFIED SPECIFICATION OR ANY MEMBER'S USE OF SUCH PARTS OR PORTIONS THEREOF IN THE ADOPTED SPECIFICATION OR THE SIMPLIFIED SPECIFICATION, INCLUDING BUT NOT LIMITED TO ANY LIABILITY FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES, EVEN IF THE SD-3C, LLC OR ANY OF THE 3C MEMBERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

## **7. CONFLICT**

Any proposals for new Specifications, changes to existing Adopted Specifications and/or any questions or conflicts regarding the proposals shall be submitted to the SDA Technical Committee for review. The Technical Committee can elect whether to accept the proposal for consideration or to reject it by returning it to the submitting Member, together with formal comments as may be applicable. If rejected, the submitting Member shall be notified by the Chair of the SDA Technical Committee or the working group thereof through which it was originally submitted. If rejected, the proposal and all related proposal inputs shall not be included within the applicable minutes for that Technical Committee meeting, but the minutes shall include sufficient information to describe the proposal and results of the discussion thereof including the reason for rejection.

If the Technical Committee fails to decide whether or not a proposal shall be considered, the proposal and applicable information (including minutes of the pertinent Technical Committee discussion) shall be submitted to the SDA Board of Directors. The SDA Board of Directors may elect to accept or reject the proposal for consideration or delegate further action. Applicable comments and resultant decisions by the Board shall be included in the minutes of their applicable meeting(s) but the proposal itself need not be included.

## **8. COMMITTEE AND WORKING GROUP WORK PRODUCT**

Participants acknowledge that, subject to the other provisions of this IP Policy, the copyrights and all other rights in or to the materials produced in or by committees and/or working groups of the SDA ("**Work Product**"), including without limitation Specifications and related documentation developed by SDA committees and/or working groups, is owned by the SDA and SDA may register such copyright in its own name. Such materials are owned by the SDA as a "work for hire" as set forth in the US Copyright Act. To the extent that all such rights in Work

Product are not vested in SDA as a “work for hire” all such Participants agree to assign and hereby assign all rights in and to the Work Product to the SDA and further agree to take any actions reasonably requested by SDA to perfect SDA’s ownership in the Work Product, including execution of additional documents of assignment.

**9. CONSTRUCTIVE NOTICE.**

Licensee entities are responsible for insuring that the contact person provided to the SDA office is correct and complete at all times, including without limitation containing a valid e-mail address for such contact person. Licensees will be deemed to have received notices and announcements provided pursuant to this IP Policy, including without limitation commencement of the Notice Period and voting on proposed Specifications, within 24 hours of distribution by the SDA Office to the most recent e-mail address provided in writing by such Licensee for its contact person.

**10. GENERAL RIGHTS AND SURVIVAL**

Member rights and obligations under this IP Policy may not be assigned or delegated without the prior written consent of the SDA.

The provisions of this IP Policy shall survive the termination of SDA membership of any Member as follows: (i) Sections 1, 2, 3, 4, 6, 8, 10, and 11 shall survive in perpetuity; and (ii) the license assurance set forth in a License Assurance / Disclosure Form, and any commitment set forth in this IP Policy to license in a non-discriminatory fashion, and on reasonable terms, to all other Licensees, such Member’s Essential Patent Claims, shall survive with respect to any Specification adopted prior to such termination until the last to expire of such patents. Such provisions shall apply only to the version of the Specifications which were disclosed to Members while such Member was a member of the SDA.

Upon termination of membership, each Member agrees to destroy all copies of the Specifications in its possession and if the SDA requests, at its option, to certify such destruction.

**11. GOVERNING LAW / ORDER OF PRECEDENCE**

This IP Policy will be governed by the laws of the State of California, USA and the federal and state courts located in California shall have exclusive jurisdiction regarding any matters under this IP Policy. In the event that a Licensee has entered into an SD Host/Ancillary Product License Agreement with the SDA and the provisions of such agreement conflict with the provisions of this IP Policy, the provisions of such SD Host/Ancillary Product License Agreement shall prevail to the extent of such conflict.