

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter "MOU") is made and entered into as of the ____ day of _____, 2003, by and between _____, a _____ corporation with its principal office at _____ ("Company"), and JVC Professional Products Company, a division of JVC Americas Corp. a corporation with its office at 1700 Valley Road, Wayne, New Jersey 07470, U.S.A. ("JPC").

WITNESSETH:

WHEREAS, Company is purchasing from JPC a certain secure professional (non-consumer) high-definition digital video recording and playback system designed for use only by authorized personnel in those portions of the motion picture production process known as "production" and "post-production" (hereinafter "PRO-HD SYSTEM"); and

WHEREAS, JPC respects the rights of copyright owners and recognizes the imperative need to fully protect the robust content protection technology for the PRO-HD SYSTEM and intends to provide that Company complies fully with the requirements contained in this MOU; and

WHEREAS, Company acknowledges, accepts and assumes responsibility for complying fully with the requirements contained in this MOU; and

WHEREAS, Company acknowledges that the Confidential Information provided by JPC pursuant to this MOU is part of the exchange of consideration accompanying Company's purchase of the PRO-HD SYSTEM.

NOW, THEREFORE, the parties hereto agree as follows:

1. (a) As used herein, "Confidential Information" shall mean the password generation program, algorithm, operation manuals, passwords, system specifications, and any other information, including without limitation any other "trade secrets" and any other technical know-how, disclosed or provided by JPC to Company and designated as "confidential." In addition, any passwords provided by JPC to a copyright owner, and then provided to Company by that copyright owner, shall also be considered Confidential Information under this MOU. As used herein, "Highly Confidential Information" shall mean the password generation program, algorithm, passwords, and system specifications.

(b) As used herein, "copyright owner" shall mean the actual legal owner of a copyright, or its expressly authorized exclusive licensee (such as under a production-distribution agreement), or an authorized individual expressly designated by one of them (such as a producer or director).

(c) As used herein, "PRO-HD SYSTEM" means the application of Confidential Information to the SR-VDA300US Recorder (Serial # _____).
2. (a) JPC will furnish Company with the password protection and encryption Confidential Information which is necessary for Company to provide copyright owners with password protection and encryption services using the PRO-HD SYSTEM.

(b) Notwithstanding Paragraph 2(a), Company shall not obtain any underlying ownership rights or interests in the Confidential Information. Recognizing the highly confidential nature of the Confidential Information and JPC's exclusive ownership rights or interests in the Confidential Information, Company hereby acknowledges that any breach of its obligations concerning Confidential Information hereunder shall cause JPC irreparable harm.
3. Company shall comply fully with all national laws, decrees and regulations adopted pursuant to Article 11 of the World Intellectual Property Organization Copyright Treaty, 36 I.L.M. 65, 71 (December 20, 1996), insofar as those laws, decrees and regulations are applicable to the PRO-HD SYSTEM. In order to secure the above mentioned principle, Company shall use the PRO-HD SYSTEM and the Confidential Information solely for the purposes of providing password protection and encryption services that are authorized by the copyright owners, and shall not use any mentally-retained recollections thereof to circumvent or copy the methods disclosed in the Confidential Information or to circumvent any obligations under this MOU. Company shall employ procedures for safeguarding the Confidential Information and the PRO-HD SYSTEM that are at least as rigorous as Company would employ for its own confidential information. For Highly Confidential Information, Company shall employ procedures for safeguarding such information that are at least as rigorous as Company would employ for its own most highly confidential information. Such procedures to include, at a minimum: (1) maintaining on Company's premises a secure location in which any and all Confidential Information shall be stored; (2) such secure location shall be accessible only by authorized employees; and such employees shall sign in and out each time they visit such secure location; (3) when Confidential Information is not in use, such information shall be stored in a locked safe at such secure location; and (4) the

password generation program shall not be copied and installation of the program shall be limited to one computer system that is securely protected from unauthorized access by any person or third parties, and the operation of which is permitted only by authorized employees of the Company. Company may disclose Confidential Information only to the strictest minimum possible number of regular employees of Company: (1) who have an absolute need to know such Confidential Information in order to enable Company to provide services using the PRO-HD SYSTEM in compliance with this MOU; and (2) who are bound in writing by obligations of confidentiality sufficient to protect the Confidential Information in accordance with the terms of this MOU.

4. Company agrees not to use any Confidential Information or the PRO-HD SYSTEM for any purpose other than performing services which have been authorized by copyright owners. It is specifically understood that Company shall not reverse engineer, decompile, disassemble or otherwise determine the operation of the PRO-HD SYSTEM, including without limitation, any algorithm or logic of password generation program and any other Confidential Information. It is further understood that Company shall not apply for any patent or apply for or assert any copyright based on the Confidential Information. Company agrees to indemnify and hold JPC harmless from and against any and all claims, liabilities, losses and expenses, including reasonable attorney's fees, arising out of Company's use of Confidential Information or the PRO-HD SYSTEM in violation of this MOU.
5. Upon reasonable notice and during regular business hours, JPC or its designated representative shall be entitled to visit Company's premises to inspect compliance with the provisions of this MOU.
6. Upon termination of this MOU, Company shall return to JPC all Confidential Information provided hereunder, including any and all copies thereof, and shall not hereafter use the Confidential Information, in whole or in part, in any way whatsoever. Company shall retain its own internal records, as described in Paragraph 3 of this MOU, for a period of three (3) years after any date of termination, during which three (3) year period such records shall continue to be available for inspection by JPC.
7. Should Company default in any of its obligations hereunder, JPC, at its option, immediately may terminate this MOU and demand the return of any and all Confidential Information by giving written notice to Company.
8. (a) This Agreement shall become effective on the date first above written and shall continue to be effective for _____ () year(s) from such date unless earlier terminated under the preceding paragraph.

(b) Provisions of Paragraph 3 and 4 hereof shall survive the termination of this Agreement.

(c) In the event of the Company's insolvency or bankruptcy, this MOU shall terminate automatically and immediately and all Confidential Information shall be returned forthwith to JPC, unless Company is operating as debtor-in-possession pursuant to Chapter 11 of the Bankruptcy Code, in which case this MOU shall continue unless terminated pursuant to the bankruptcy proceedings.
9. This MOU shall not be assigned or otherwise transferred by Company in whole or in part to any third party, without the express prior written consent of JPC.
10. This MOU may be amended only in writing duly executed by representatives duly authorized by each party. Any disputes, controversies or differences arising from or in relation to this MOU shall be negotiated and resolved in good faith between the parties.
11. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this instrument prepared in duplicate, one copy of which has been retained by each party.

(Company)

JVC Professional Products Company, Division of JVC Americas Corp.

By:
Title:
Date:

By:
Title:
Date: