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FORM PTO-1595
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12-12-2001

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark office

OIPE DEC 07 2001 PATENT & TRADEMARK OFFICE

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PATENTS ONLY

To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

1. Name of Conveying Party(ies): Cognicity, Inc.

12-7-01

Additional name(s) of conveying party(ies) attached? ☐ YES ☒ NO

2. Name and address of receiving party(ies):

Name: Digimarc Corporation

Internal Address: Suite 100

Street Address: 19801 SW 72nd Avenue

City Tualatin State OR ZIP 97062

Additional name(s) & address(es) attached? ☐ Yes ☒ No

3. Nature of Conveyance:

☐ Assignment ☐ Merger

☐ Security Agreement ☐ Change of Name

☒ Other Bid on Cognicity Assets

Execution Date:

Digimarc Corporation – 10/16/01
Cognicity, Inc. – 10/17/01
Sherpa Partners – 10/17/01

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)		B. Patent No.(s)	
09/228,224	09/846,686	6,031,914	6,061,793
09/480,391	60/287,873	6,282,299	6,226,387
09/481,758		6,272,634	

Additional numbers attached? ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: William Y. Conwell
Digimarc Corporation
Internal Address:
Suite 100
Street Address:
19801 SW 72nd Avenue
City Tualatin State Oregon ZIP 97062

6. Total number of applications and patents involved: 10

7. ☒ Please charge recordation fee of $400.00 (37 CFR 3.41) to Deposit Acct. 50-1071.

8. ☒ Any deficiency/overpayment is authorized to be charged to deposit account 50-1071

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

William Y. Conwell		December 6, 2001
Name of Person Signing	Signature	Date

Total number of pages including cover sheet and Assignment: 13

OMB No. 0651-0011 (exp. 4/94)

12/11/2001 AAHMED1 00000038 501071 09228224
01 FC:581 400.00 CH

Digimarc Acquires Cognicity Assets

Patents and audio watermarking software complement Digimarc's holdings

Tualatin, Ore. - October 24, 2001 - Digimarc Corporation (NASDAQ: DMRC), the world leader in digital watermarking solutions, today announced that it has reached an agreement to acquire intellectual property assets and software of audio watermarking company Cognicity.

"Cognicity, and its pioneering team of scientists, developed much of the technology that is now regarded as fundamental to audio watermarking," said Reed Stager, vice president and general manager of Global Licensing for Digimarc. "We are pleased to add their work to the technology available through Digimarc."

In addition to various software platforms (including core watermarking software, transactional watermarking software, promotional CD marking software, and secure music delivery software), the Cognicity assets also include four pending patent applications, and an exclusive license to five issued patents owned by the University of Minnesota, where Cognicity's founders originally established their audio watermarking work.

The transaction is expected to close by the end of November.

About Digimarc
Digimarc Corp. (NASDAQ: DMRC), based in Tualatin, Ore., is the world leader in digital watermarking solutions. Digimarc's patented digital watermarking technology is used in a range of solutions for brand protection, brand management and security applications. The technology allows digital data to be embedded imperceptibly in traditional and digital media content including photographic or artistic images, movies, music, packaging, printed materials, promotional items, value documents, tickets and holograms, among others. The company continues to build a pervasive new communications platform by developing an increasing array of diverse product offerings. These offerings benefit a broad range of consumers, corporations and government institutions, enhancing the protection of copyrights, the security of value documents and the management of media and fostering integrated marketing and e-commerce for many goods and services. Digimarc's leading customers include creative professionals, major media companies and central banks.

The company's offerings include the Digimarc MediaBridge™ family of solutions for brand management and enhancement, and the Digimarc Excalibur™ family of anti-counterfeiting and security solutions for brand and document protection. The MediaBridge family includes Digimarc ImageBridge™, a means to communicate copyrights in digital images, track the images on the Internet and facilitate online licensing and related e-commerce, as well as Digimarc MediaBridge™ for Packaging and for Promotions, which offers a fundamentally new way for consumers to access the Internet using printed materials as direct portals to relevant destinations on the Internet. Digimarc's security family includes Digimarc Excalibur™, a group of complementary security products and services that help brand owners protect their products from counterfeiting or diversion, and an anti-counterfeiting system, developed in cooperation with a consortium of leading central banks that deters the use of personal computers in the counterfeiting of value documents. Digimarc is also

a member of the Video Watermarking Group (VWM Group), which includes Hitachi, Macrovision, NEC, Philips, Pioneer and Sony, to provide video copy prevention and play control solutions for digital recording devices. In addition, Digimarc video watermarking technology is being licensed for innovative new applications, such as broadcast monitoring. Digimarc has more than 250 U.S. patents pending and 30 issued. Digimarc's vision is to have its watermarking technology become a standard feature of all media content.

Contacts

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Digimarc Corporation
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This press release contains forward-looking statements that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including statements about the integration of Cognicity's intellectual property assets and software to the technology of Digimarc, are subject to certain assumptions, risks and uncertainties. Although Digimarc believes that the expectations reflected in its forward-looking statements are reasonable, actual results could differ materially from those expectations or from historical results. Such risks and uncertainties are outlined in Digimarc's Annual Report on Form 10-K for 2000 and its most recent Quarterly Report on Form 10-Q, each as filed with the Securities and Exchange Commission. Digimarc is not obligated to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

ATTN: BILL CONWELL
503-885-9880

Ahmed Tewfik
CEO
Cognicity, Inc.
7171 Ohms Lane, Suite 100
Edina, MN 55439

October 16, 2001

Re: Bid for Cognicity Assets

Dear Ahmed:

Digimarc is pleased to present this proposal to acquire all of Cognicity's right, title and interest in the package of intellectual property and software described in the materials you e-mailed to Digimarc on August 20 (which materials are attached) (the "Subject Assets"). The Subject Assets include, without limitation, all intellectual property rights in such intellectual property and software, all applications and registrations therefor, all goodwill associated therewith, and all rights to proceeds therefrom under any agreement and causes of action and remedies related thereto (including, without limitation, the right to sue for past infringement). The Subject Assets will specifically exclude the three pending patents listed in Exhibit B attached hereto, but one of these three pending patents will be non-exclusively licensed to Digimarc, as provided below. [redacted]

1. Digimarc proposes to pay consideration of [redacted]

2. [redacted]

3. [redacted]

4. [redacted]

EXPLANATORY NOTE

Pages 2 and 3 of this agreement are omitted from this public recording, in view of potential Cognicity concerns about confidentiality.

With suitable consent, Digimarc would be willing to make the full text of this agreement, and associated attachments, available to interested parties.

The patents and applications related to this transaction are:

No.	Serial No.	Patent No.	Filing Date	Title
1	08/918,122	6,031,914	8/27/97	Method and apparatus for embedding data, including watermarks, in human perceptible images
2	08/918,125	6,282,299	8/27/97	Method and apparatus for video watermarking using perceptual masks
3	08/918,126	6,272,634	8/27/97	Digital watermarking to resolve multiple claims of ownership
4	08/918,891	6,061,793	8/27/97	Method and apparatus for embedding data, including watermarks, in human perceptible sounds
5	08/921,931	6,226,387	8/27/97	Method and apparatus for scene-based video watermarking
6	09/228,224		1/11/99	Multimedia Data Embedding
7	09/480,391		1/11/00	Degradation Watermarking
8	09/481,758		1/11/00	Transactional Watermarking
9	09/846,686		4/30/01	Systems and Methods for Intercepting Media Data
10	60/287,873		4/30/01	Digital Rights Management

Thank you for the opportunity to bid on these assets.

Very truly yours,

DIGIMARC CORPORATION

By: _____

Accepted and agreed:

COGNICITY, INC.

By: _____
Ahmed Tewfik

10/17/01

Accepted and agreed:

SHERPA PARTNERS, one of Cognicity's secured creditors

By: _____
Mac Lewis

Cognicity™
The Magic is in the Music

Sale of Intellectual Property and Software

August 2001

Overview

Cognicity, Inc. ("Cognicity" or the "Company") is making available for purchase certain intellectual property and software assets. This document outlines the items available for purchase as well as the process the Company will follow in managing the sale.

Process and Schedule

Cognicity will distribute this document (and related documents) to a broad range of interested parties ("Bidders").

Contacts

	Title	Phone	E-Mail

By Mail
Cognicity, Inc.
7171 Ohms Lane, Suite 100
Edina, MN 55439

Assets for Sale

Overview

1. Intellectual Property
    a. Core watermarking patents
    b. Transactional watermarking patents
    c. Patents surrounding watermarking applications in marketing/promotion, peer-to-peer networks, etc.
    d. Digital rights management patents

2. Software
    a. [redacted]
    b.
    c.
    d.
    e.

Detail

1) Intellectual Property

Core Watermarking Patents

SLWK File #	Serial#	Filed	Title	Status
		1/11/99	Multimedia Data Embedding	Pending
Multimedia data embedding, such as video, image or audio data watermarking. Data is embedded by perceptually modulating attributes of a multimedia file in randomly selected sub-spaces. Number of independent claims: 6 Number of dependent claims: 10				
		1/11/00	Degradation Watermarking	Pending
Degradational watermarking is disclosed. In one embodiment, a computer-implemented method includes receiving an original multimedia content source. The method watermarks the original multimedia content source with a source watermark. Prior to playing back the original multimedia content source, the original multimedia content source as watermarked with the source watermark is further watermarked with a degradation watermark. Desirably, the degradation watermark is such that when first added it does not decrease the playback quality of the multimedia content source. However, as it is repeatedly added, desirably the playback quality worsens notably. Number of independent claims: 7 Number of dependent claims: 13				

In addition, the University of Minnesota owns the following patents covering digital watermarking technology. The University will entertain offers and is willing to negotiate with parties interested in licensing their patents. Following is a list of the patents owned by the University:

SLWK File #	Serial#	Filed	Title	Status
600.415US1	08/918,122	8/27/97	Method and Apparatus for Embedding Data, Including Watermarks, in Human Perceptible Images	Issued: 2/29/00 U.S. Pat. 6,031,914
A technique for hiding of data, including watermarks, in human-perceptible images, that is, image host data, is disclosed. In one embodiment a method comprises three steps. In the first step, data to be embedded is inputted. In the case of a watermark, this data is a unique signature, and may be a pseudo-noise (PN) code. In the case of hidden data to be embedded in the host data, this data is the hidden data itself, or the hidden data as spread against the frequency spectrum by a pseudo-noise (PN) code. In the second step, the inputted data is embedded within the host data, in accordance with a perceptual mask of the host data. The perceptual mask determines the optimal locations within the host data to insert the inputted data. In the case of images, these optimal locations are determined by reference to the human visual system. In the third step, the host data, with the embedded data, is further masked by a non-frequency mask. In the case of image data, the non-frequency mask is a spatial mask.				

SLWK File #	Serial#	Filed	Title	Status
600.416US1	08/918,891	8/27/97	Method and Apparatus for Embedding Data, Including Watermarks, in Human Perceptible Sounds	Issued: 5/9/00 U.S. Pat. 6,061,793
A technique for hiding of data, including watermarks, in human-perceptible sounds, that is, audio host data, is disclosed. In one embodiment a method comprises three steps. In the first step, data to be embedded is inputted. In the case of a watermark, this data is a unique signature, and may be a pseudo-noise (PN) code. In the case of hidden data to be embedded in the host data, this data is the hidden data itself, or the hidden data as spread against the frequency spectrum by a pseudo-noise (PN) code. In the second step, the inputted data is embedded within the host data, in accordance with a perceptual mask of the host data. The perceptual mask determines the optimal locations within the host data to insert the inputted data. In the case of sounds, these optimal locations are determined by reference to the human auditory system. In the third step, the host data, with the embedded data, is further masked by a non-frequency mask. In the case of audio data, the non-frequency mask is a temporal mask.				
600.417US1	08/918,125	8/27/97	Method and Apparatus for Video Watermarking	Allowed. Issue Fee due 7/01
A method and apparatus for the watermarking of video data is disclosed. In one embodiment, discrete objects are extracted from the video host data. Each is assigned and embedded with a watermark. The watermark is embedded by generating the watermark, applying it to a perceptual mask of the block, spatially masking the resulting block, and re-adding the block to the result. The objects are collected into a database so that an object may be tracked as it is transformed from frame to frame of the video host data.				
600.418US1	08/921,931	8/27/97	Method and Apparatus for Scene-Based Video Watermarking	Issued: 5/1/01 U.S. Pat. 6,226,387
A method and apparatus for the scene-based watermarking of video data is disclosed. In one embodiment, each of a number of frames of a scene of video host data undergoes a temporal wavelet transform, from which blocks are extracted. The blocks undergo perceptual masking in the frequency domain, such that a watermark is embedded therein. Once the watermark block is taken out of the frequency domain, a spatial mask of the original block is weighted to the watermark block, and added to the original block to obtain the watermarked block.				
600.419US1	08/918,126	8/27/97	Digital Watermarking to Resolve Multiple Claims of Ownership	Allowed. Issue Fee paid 6/8/01
A method and apparatus for digital watermarking to resolve multiple claims of ownership is disclosed. According to one embodiment of the invention, a first watermark requiring the host data for detection is embedded into the host data. A second watermark is also embedded into the host data. According to another embodiment of the invention, a pseudo-random sequence acting as a watermark is generated based on two random keys. One of the two random keys is related to the author of the host data into which the watermark is to be embedded, whereas the other of the two random keys is dependent on the host data itself.				

Transactional Watermarking Patents

SLWK File #	Serial#	Filed	Title	Status
		1/11/00	Transactional Watermarking	Pending
Transactional watermarking is disclosed. Watermarks are embedded dynamically in a multimedia file at the time of download, play or access without the need for decoding the file. Watermarks can also be changed as the multimedia file is passed along from person to person without decreasing the playback quality of the multimedia content source. Number of independent claims: 1 Number of dependent claims: 19				

Patents Surrounding Watermarking Applications in Marketing/Promotion, Peer-to-Peer Networks, etc.

SLWK File #	Serial#	Filed	Title	Status
		5/16/00	Systems And Methods For Providing Authorized Playback And Tracking Of Multimedia Content Over Networks	Pending
Systems and methods provide a mechanism for authorizing the playback of multimedia content regardless of how the content is acquired. Usage of the multimedia content can also be tracked and recorded. Such tracking provides data that can be used to provide for a more equitable distribution of income received as a result of playing the track. In addition, transactional watermarks can be embedded in the multimedia content as it is received by the user. The transactional watermark can be then be used to track unauthorized distribution of the multimedia content. Number of independent claims: 1 Number of dependent claims: 9				
		5/31/00	Persistent Linking Via Watermarking	Pending
Systems and methods provide persistent linking and tracking of multimedia content using watermarks, tags and pattern recognition. Number of independent claims: 4 Number of dependent claims: 30				

Digital Rights Management Patents

SLWK File #	Serial#	Filed	Title	Status
		4/30/01	Systems And Methods For Digital Rights Management	Provisional patent filed
Systems and methods provide a mechanism for authorizing the playback of multimedia content or access to computer files. A truncated (short) unprotected version of a file or multimedia content is made available to all users. When authorized users attempt to access an unprotected file with any software or hardware, the system seamlessly delivers full files with the proper authorizations (read only, copy, etc.) The system also prevents storage of unauthorized copies on the platform on which it is running. Number of independent claims: 1 broad (in process of being expanded)				
		4/30/01	Systems and Methods for intercepting media data, including waveform audio data	Pending
Software provides interception of media files. The interception software works as part of any generic system that includes a media player application capable of receiving an input data stream, a media SDK (software development kit) module operative to receive processed media data and the interception software layer operative itself. The interception software receives the processed media data streams from the media player application and sends the processed media streams to the media SDK. The interception software also processes the intercepted media and takes appropriate actions depending on the application.				