

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
University of Bath	12/24/1998
RECEIVING PARTY DATA	
Name:	Donald Martin Monro
Street Address:	6 The Leys, Goose Street
City:	Beckington, Somerset
State/Country:	UNITED KINGDOM
Postal Code:	BA3 6SS
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	6556719
Application Number:	10473649
CORRESPONDENCE DATA	
Fax Number:	(215)568-3439
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
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Address Line 2:	46th Floor
Address Line 4:	Philadelphia, PENNSYLVANIA 19103-7301
ATTORNEY DOCKET NUMBER:	IVAV-0013; IVAV-0053
NAME OF SUBMITTER:	/jennifer j. keeler/
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DATED 24th December 1998

BTG INTERNATIONAL LIMITED

- and -

UNIVERSITY OF BATH

- and -

PROF. D.M. MONRO

A S S I G N M E N T

of International Patent Application
Number PCT/GB98/00360.

As64/137581



ASSIGNMENT

THIS DEED is made the *Twenty-fourth* day
of *December* One thousand nine hundred and ninety-eight
BETWEEN BTG INTERNATIONAL LIMITED whose company registration number
in England is 2664412 and whose registered office is at 10 Fleet Place,
Limeburner Lane, London, EC4M 7SB (hereinafter called "BTG") of the first
part UNIVERSITY OF BATH of Claverton Down, Bath, BA2 7AY (hereinafter
called "the Institution") of the second part and DONALD MARTIN MONRO of 6
The Leys, Goose Street, Beckington, Somerset, BA3 6SS (hereinafter called
"the Inventor") of the third part

WHEREAS:-

(A) BTG is in possession of an International application for a
patent under the Patent Cooperation Treaty in respect of the invention
specified in the Schedule hereto (hereinafter called "the said
application")

(B) BTG has agreed that the invention and the said application
shall be assigned to the Institution on the terms hereinafter set forth

NOW THIS DEED WITNESSETH as follows:-

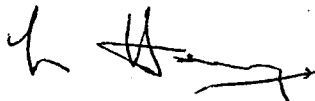
1. BTG as beneficial owner hereby assigns to the Institution absolutely
the invention and the said application set out in the Schedule hereto
2. BTG hereby covenants with the Institution as follows:-
 - (i) that it will (so far as necessary) permit and enable the
Institution to apply for and will take all reasonable steps to assist
the Institution in obtaining the grant of patent or like protection
in respect of the invention hereinbefore assigned in any territory as
may be required by the Institution
 - (ii) that it will at the request and cost of the Institution execute
and do all such documents acts and things as may be necessary for the
purpose of sub-paragraph (i) hereof and for vesting any relevant
invention application or patent in the Institution absolutely

IN WITNESS whereof this document has been executed as a Deed
the day and year first above written

THE SCHEDULE above referred to

<u>Country</u>	<u>Patent Application No.</u>	<u>Date</u>	<u>Title</u>
United Kingdom	9703441.7	19 February 1997) Progressive block-
) based coding for
International	PCT/GB98/00360	5 February 1998) image compression

(The COMMON SEAL of BTG
(INTERNATIONAL LIMITED was
(affixed to this Deed in the
(presence of:-

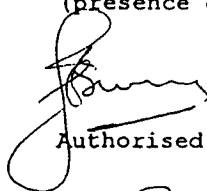


Director/Authorised Signatory



~~Secretary~~/Authorised Signatory

(The COMMON SEAL of
(UNIVERSITY OF BATH was
(affixed to this Deed in the
(presence of:-



Authorised Signatory



Authorised Signatory

SIGNED as a Deed)
by the above-named DONALD)
MARTIN MONRO in the presence)
of:-)

DM Monro

WITNESS:-

Rosemary C Ainsworth

ADDRESS:-

36 Pitman Court, South, BA1 8BD

OCCUPATION:-

Secretary

UNIVERSITY OF BATH

ASSIGNMENT TO INVENTOR

IN RESPECT OF

PROGRESSIVE DCT CODING

THIS ASSIGNMENT dated

13th JULY

2004 is made

BETWEEN:

- (1) **DONALD MARTIN MONRO** whose home address is at 6 The Lays, Goose Street, Beckington, Somerset ("the Inventor") and
- (2) **THE UNIVERSITY OF BATH** whose address is at Claverton Down, Bath, BA2 7AY ("the University")

RECITALS:

- (1) BTG and the University and the Inventor entered into a Deed of Assignment dated 24 December 1998 ("the Re-Assignment") whereby the Intellectual Property (as defined below) was re-assigned to the University.
- (2) The University has expended the sum of (net of value added tax) and has agreed to pay the further sum of (against presentation of an invoice) in supporting the Intellectual Property which is the subject matter of this agreement.
- (3) The University now wishes to assign all its right, title and interest in the Intellectual Property to the Inventor and the Inventor is willing to accept the assignment of the Intellectual Property from the University subject to the provisions of this Assignment.

1. Definitions

In this Assignment:

"Connected Person" means a person who, if the Inventor were a director of a limited company, would be regarded as connected with him under section 346 Companies Act 1985.

"Intellectual Property" means all intellectual property rights which were assigned by BTG to the University under the Re-Assignment insofar as and to the extent that such intellectual property rights have been maintained including (without limitation) all rights in connection with Patent number 0962099 granted by the European Patent

Office on 24 July 2002 and maintained in Great Britain, France and Germany and Patent number 6,556,719 granted in the USA on 29 April 2003 ("the Patents").

"Net Profits " means the gross amount received (whether in cash or in kind) on sales of a product covered by the allowed claims of the Patents or otherwise by exploiting the Intellectual Property or on licence or assignment of the Intellectual Property by the Inventor **less** the cost of sales including (without limitation) materials, staff, costs and legal and professional fees (but not any fee or salary payment to the Inventors or to a Connected Person).

2. Assignment

- 2.1 The University hereby assigns and transfers to the Inventor all its right, title and interests in the Intellectual Property
- 2.2 The assignments effected by this clause 2 shall include, without limitation the assignment and transfer of all rights of action, powers and benefits arising from ownership of the Intellectual Property, including without limitation the right to sue for damages and other legal and equitable remedies in respect of all causes of action arising prior to, on or after the date of this Assignment.
- 2.3 The University shall provide to the Inventor such original letters, patents, deeds and other documents as the Inventors may reasonably require in connection with the Intellectual Property, (provided always that the University is in possession of such documents) and shall execute such documents and give such further assistance as the Inventors may reasonably require:
 - (a) to secure the vesting in the Inventor of all rights in the Intellectual Property;
 - (b) to uphold the Inventor's rights in the Intellectual Property; and
 - (c) to defeat any challenge to the validity of, and resolve any questions concerning the Intellectual Property.

Provided that the Inventor shall pay to the University its reasonable costs in connection therewith and provided further that the University shall be permitted to take copies of any documents so provided

3. Warranties and Liability

3.1 The University warrants, represents and undertakes that:

- (a) the University is the sole owner of the Intellectual Property and has full power to enter into this Assignment.
- (b) the University has not granted any licences to use the Intellectual Property
- (c) the University will pay a further sum limited to when invoiced by Computer Patent Annuities Limited Partnership in respect of patent prosecution costs

3.2 The University does not warrant or guarantee the validity of the Patents or that the Intellectual Property does not infringe any valid and subsisting patent or other rights not held by the University.

3.3 The liability of the University in respect of this Assignment shall not exceed such sums as may be paid to the University by the Inventor in accordance with its terms. The University excludes liability in respect of any consequential losses or loss of profits arising from any breach hereunder.

4. Licence of Intellectual Property to the University

Immediately upon the assignment referred to at paragraph 2 of this Assignment, the Inventor hereby grants to the University a perpetual and irrevocable licence to use the Intellectual Property for academic and research purposes.

5. Consideration

In consideration of the assignment of the Intellectual Property by the University to the Inventors each of the Inventor agrees to pay to the University:

- (i) The sum of plus value added tax at the then current rate (at rate of 17.5% value added tax (total :)) PROVIDED THAT such sum shall only be payable when the Inventors or either of them achieves Net Profits from the sale of the Products and when any such Net Profits are achieved they shall be applied as to 50% to the Inventors (or as they direct) and 50% to the University until such sum shall be fully paid.
- (ii) Upon satisfaction in full of the payment of the sum at 5 (i) above, the Inventors shall continue to pay to the University 2% plus value added tax thereon of the Net Profits each year in which Net Profits are produced.

6. Equitable Dealing

The Inventor hereby warrants to the University that he shall act fairly and equitably in relation to the performance of this Assignment, in particular (but without limitation) that in any transaction with any buyer or licensee of the Intellectual Property ("Third Party") the value attributed by the Inventor to the sale of the products covered by the allowed claims of the Patents or otherwise exploiting the Intellectual Property or any licence or assignment of the Intellectual Property shall be reasonable in any case where the Inventor or any Connected Person has had any business dealings with such Third Party in the past or expects to do so in the future.

7. Reporting Requirements

- 7.1 The Inventor shall provide to the University details of any sales of product covered by the allowed claims of the Patents or otherwise exploiting the Intellectual Property or any licence or sale of the Intellectual Property on each anniversary of this Assignment and if there is none a statement to this effect.
- 7.2 The University shall be entitled to inspect the books and records of the Inventor in order to verify such information or if it has not been provided in accordance with clause 7.1 to obtain it and the Inventor shall on reasonable notice permit the University's representatives and professional advisers (subject to duties of confidentiality) access to any of his premises and materials for such purpose.

8. General

8.1 Whole Agreement

This Assignment contains the whole agreement between the parties in respect of the Intellectual Property and supersedes any prior written or oral agreement between them relating to it and the parties confirm that they have not entered into Assignment on the basis of any representations that are not expressly incorporated into it.

8.2 Law and jurisdiction

The validity, construction and performance of this Assignment shall be governed by English law, and the Inventors and the University submit to the exclusive jurisdiction of the English courts in respect of any dispute arising in connection therewith.

8.3 Third Parties

This Assignment does not create any right enforceable by any person who is not a party to it ("Third Party") under the Contracts (Rights of Third Parties)

Act 1999, but this clause does not affect any right or remedy of a Third Party which exists or is available apart from that ACT.

8.4 Headings

Headings contained in this Assignment are for reference purposes only and shall not be deemed to be any indication of the meaning of the clause to which they relate.

SIGNED by Diane Aderyn,
Director of Finance on behalf of
THE UNIVERSITY OF BATH

)
) *Diane Aderyn*
)

SIGNED by Donald Monro
Before me

) *DM Monro*
)

Name:

SR

SHARON ROBINSON

Address:

37 ROWE ROAD, CHIPPENHAM

Occupation

SECRETARY

PATENT PURCHASE AGREEMENT

This PATENT PURCHASE AGREEMENT ("Agreement") is entered into on September 8, 2004 ("*Effective Date*") by and between Ayscough Visuals LLC with an office at 171 Main St. #271, Los Altos, California 94022 U.S.A. ("*Purchaser*"), and Donald M. Monro with an address of 6 The Lays, Goose Street, Beckington, Somerset, BA11 6RS England ("*Seller*"). The parties hereby agree as follows.

1. BACKGROUND

- 1.1 Seller owns certain United States Letters Patents and/or applications for United States Letters Patents and/or related foreign patents and applications.
- 1.2 Seller wishes to sell its right, title and interest in such patents and applications to Purchaser.
- 1.3 Purchaser wishes to purchase such patents and applications.

2. DEFINITIONS

- 2.1 "*Affiliate*" means, with respect to any Person, any Entity in whatever country organized that controls, is controlled by or is under common control with such Person. The term "control" means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an Entity, whether through the ownership of voting securities, by contract or otherwise.
- 2.2 "*Assignment Agreements*" means the agreements assigning ownership of the Patents from the inventors and/or prior owners to Seller.
- 2.3 "*Consideration*" means the net consideration or remuneration received by Purchaser and/or its Affiliates in respect of a Patent in any form whatsoever including cash (whether characterized as royalties, license fees, or otherwise), equity, manufacturing or marketing or licensing rights, or any other property, right or interest whatsoever after payment of any and all reasonable costs, expenses and fees (including attorney fees and court costs, if applicable), paid by Purchaser to non-Affiliated third-parties for services rendered directly in respect of generating such consideration or remuneration. Valuation of non-cash Consideration shall be established by dispute resolution under Section 7.14 hereof.
- 2.4 "*List of Prosecution Counsel*" means the names and addresses of prosecution counsel who prosecuted the Patents and who are currently handling the Patents.

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2.5 "**Patents**" means those patents and applications listed in *Exhibit A* hereto, and all reissues, reexaminations, extensions, continuations, continuations in part, continuing prosecution applications, and divisions of such patents and applications; provisional patent applications that are or will be continuations or continuations in part of such patents and applications; and foreign counterparts to any of the foregoing including without limitation utility models.

2.6 "**XiWave & Other Patents**" means those patents listed in *Exhibit C* hereto.

3. DELIVERY AND PAYMENT

3.1 Delivery. Within ten (10) days following the Effective Date, Seller shall deliver to Purchaser an executed copy of the Assignment of Patent Rights in *Exhibit B* hereto, the Assignment Agreements, the List of Prosecution Counsel, and all files and original documents owned or controlled by Seller (including without limitation Letters Patents) relating to the Patents including, without limitation, all prosecution files for pending patent applications included in the Patents, and its own files relating to the issued Patents.

3.2 Payment. Within ten (10) days following Seller's delivery to Purchaser of the items listed in Section 3.1, Purchaser shall pay to Seller the amount of Forty One Thousand Six Hundred Sixty Six Dollars and Sixty Six Cents (U.S.).

3.3 Subsequent Payments. Upon issuance of the first U.S. Letter Patent in respect to the one (1) application being sold by Seller (described in *Exhibit A*), Purchaser shall pay to Seller an additional U.S. dollars (). The total payments under this section would be no greater than U.S. dollars ().

3.4 Profit Participation. Purchaser shall remit to Seller an amount equal to one/fifth (1/5th) of the 20% of the Net Consideration Purchaser receives from licensing the Patents and XiWave & Other Patents (the "**Profit Participation**"). Purchaser shall pay or cause its Affiliates to pay the Profit Participation to Seller quarterly within 45 days of the end of each calendar quarter. "**Net Consideration**" means amounts in excess of the costs, expenses and investments paid by or on behalf of Purchaser or its Affiliates in respect of the Patents, including but not limited to the purchase price, ongoing prosecution expenses, legal, technical and consulting fees and expenses, filing, issuance and maintenance fees, litigation, licensing and sales commissions, fees and expenses.

3.5 Multiple Patents Included in License; Royalty Sharing. Seller acknowledges that Purchaser or its Affiliates may from time to time license the Patents with other patents held or controlled by Purchaser and/or its Affiliates. The parties acknowledge that, unless the applicable license agreement specifies a particular royalty for one or more of the Patents, where the Patents are licensed together with other patents, the portion of the aggregate royalty deemed to be Consideration in respect of or attributable to licensing the Patents

will be determined according to the following methodology. Purchaser or its Affiliates will rank the Patents and any patents or patent applications licensed with the Patents as of the date of the applicable license in one of the following four categories:

Category R1: Patents actually asserted against the licensee and discussed in detail during the discussions leading to the license (i.e., named, analyzed and discussed in the assertion materials and negotiations),

Category R2: Patents specifically mentioned but not discussed in detail in the license discussions (i.e., listed as one of the patents that the licensee might infringe or need to license),

Category R3: Patents in the same patent class code as one or more R1 or R2 patents (i.e., not asserted or specifically mentioned, but, as evidenced by its class code, may have been infringed or needed to be licensed by the licensee), and

Category R4: All other patents and any patent applications licensed to the licensee.

The aggregate royalty amounts received by Purchaser and its Affiliates where a portfolio of patents is licensed shall be allocated among the patents and patent applications licensed according to the following formula (except, and to the extent, the license agreement specifically assigns allocations otherwise):

$$P = R * (VA/P_N)$$

Where:

P = royalty amount deemed attributable to each licensed patent or patent application in one of the four categories

R = aggregate amount of royalties received by Purchaser or its Affiliates from licensee

VA = Value Allocation for that patent category (see below)

P_N = Aggregate number of patents or patent applications from that category included in that license

The Value Allocations for the four categories are:

R1 = 55%

R2 = 27.5%

R3 = 13.75%

R4 = 3.75%

- 3.6 Adjustments to Value Allocations. Notwithstanding the foregoing Value Allocations, in the event that the formula set forth above results in per-patent royalties for the patents in category R1 being less than the per-patent royalties for category R2, R3 or R4, or the per-patent royalty for category R2 being less than the per-patent royalty for category R3 or R4, or the per-patent royalty for category R3 being less than the per-patent royalty for category R4, then, in each such event, the Purchaser or its Affiliates shall appropriately adjust the formula such that the per-patent royalty for each category is equal to or higher than the per-patent royalty for each higher numbered category (for example, per-patent royalties for category R1 should be equal or higher than per-patent royalties for categories, R2, R3 and R4 after the adjustment). Furthermore, in the event that any patent category has no patents, then Purchaser shall adjust the Value Allocations to allocate the null category's Value Allocation pro rata (based on relative Value Allocations) among the other categories.
- 3.7 Good-Faith Allocations Final. In allocating patents or patent applications among categories for purposes of allocating license royalties and in adjusting Value Allocations, Purchaser and its Affiliates shall exercise their reasonable business judgment, in good faith, without inequitable discrimination in favor of patents owned by Purchaser or any of its Affiliates. Any allocation or adjustment that is not clearly and materially inconsistent with the foregoing shall be final, binding and conclusive.
- 3.8 Licenses to Investors. Seller has been informed that certain investors that have made or within 75 days of the Effective Date will make an investment in Purchaser or its Affiliates may receive a license to the Patents under the terms of their investment. Seller acknowledges that these investment arrangements do not constitute Consideration under the terms of this Agreement and that no additional royalty shall be due to Seller as a result of the licenses granted to such investors.
- 3.9 Minimum Royalty in the Event of Divestiture. If Purchaser divests itself of the Patents (defined in Exhibit A) before Seller has received _____ from its Profit Participation under this Agreement ("Minimum Royalty"), within twenty (20) days of the divestiture, Purchaser shall pay to Seller an amount that, after taking into account all previous royalty payments to Seller, results in Seller receiving the Minimum Royalty.

4. TRANSFER OF PATENTS

- 4.1 Patent Assignment. Seller hereby sells, assigns, transfers and conveys to Purchaser all right, title and interest it has in and to the Patents and all inventions and discoveries de-

scribed therein, including without limitation, all rights of Seller under the Assignment Agreements, and all rights of Seller to collect royalties under such Patents.

4.2 Assignment of Causes of Action. Seller hereby sells, assigns, transfers and conveys to Purchaser all right, title and interest it has in and to all causes of action and enforcement rights, whether currently pending, filed, or otherwise, for the Patents and all inventions and discoveries described therein, including without limitation all rights to pursue damages, injunctive relief and other remedies for past, current and future infringement of the Patents.

4.3 Grant Under Patent Rights. Effective on the last closing date of the following transactions: (1) this Agreement; (2) Patent Purchase Agreement dated August __, 2004 between Ayscough Visuals LLC and XiWave; (3) Patent Purchase Agreement dated August __, 2004 between Ayscough Visuals LLC, D.M. Monro and F. Dudbridge; and (4) Patent Purchase Agreement dated August __, 2004 between Ayscough Visuals LLC, D.M. Monro and J.A. Nicholls, Purchaser hereby grants to Seller, under the Patent Rights (as defined in Exhibit B) and under the XiWave & Other Patent Rights (as defined in Exhibit C) and for the lives thereof, a fully paid up, irrevocable, non-exclusive, non-transferable, worldwide right and license to practice the methods and to make, use, sell, offer for sale, sell or import any products covered by the Patent Rights and XiWave & Other Patent Rights. This license shall apply to the reproduction and subsequent distribution of licensed products, in substantially identical form as they are distributed by the Seller, by authorized agents of the Seller such as a distributor, replicator, VAR or OEM. In the event that all, or substantially all, of Seller's operating assets (other than cash), are purchased or if a party by merger or otherwise acquires all, or substantially all, of Seller's or outstanding capital stock, Seller will provide Purchaser written notice within 30 days of the closing of any such transaction.

5. ADDITIONAL OBLIGATIONS

5.1 Further Cooperation. At the reasonable request of Purchaser, Seller shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby, including without limitation execution, acknowledgment and recordation of other such papers, and using best efforts to obtain the same from the respective inventors, as necessary or desirable for fully perfecting and conveying unto Purchaser the benefit of the transactions contemplated hereby. Seller shall be compensated at its then current rate, not to exceed the rate of _____ Dollars US (_____ per hour for its efforts.

5.2 Payment of Fees. Seller shall pay any maintenance fees, annuities, and the like due on the Patents for a period of thirty (30) days following the Effective Date.

- 5.3 Reports and Records. As of approximately each March 15th during the term the Patents and the XiWave and Other Patents, Purchaser shall provide to Seller a report reasonably detailing its activities with respect to the Patents and the XiWave and Other Patents for the preceding twelve month period ending as of December 31st.
- 5.4 Books of Account. Purchaser shall keep accurate books of account containing all particulars that may reasonably be deemed necessary for the purpose of showing the amounts payable to Seller as Profit Participation. Said books of account shall be kept at Purchaser's principal place of business or, if notice thereof is given to Seller, the principal place of business of the appropriate division of Purchaser to which this Agreement relates. Purchaser shall make said books and the supporting data available for inspection by Seller or its agents during normal business hours upon reasonable advance notice for three (3) years following the end of the calendar year to which they pertain for the purpose of verifying Purchaser's royalty statement or compliance in other respects with this Agreement. Should such inspection lead to the discovery of a greater than ten percent (10%) discrepancy in reporting to Seller's detriment, Purchaser agrees to pay the reasonable fees and expenses of Seller's agents who conducted the inspection. Purchaser shall promptly pay to Seller all amounts appropriately determined by any audit to be due to Seller. Any dispute with respect to an audit or royalties shall be resolved pursuant to the provisions of Section 7.14 below.

6. REPRESENTATIONS AND WARRANTIES

Seller hereby represents and warrants to Purchaser as follows:

- 6.1 Authority. Seller has the right and authority to enter into this Agreement and to carry out its obligations hereunder.
- 6.2 Title and Contest. Seller has good and marketable title to the Patents, including without limitation all rights, title, and interest in the Patents to sue for infringement thereof. The Patents are free and clear of all liens, mortgages, security interests or other encumbrances, and restrictions on transfer. There are no actions, suits, investigations, claims or proceedings threatened, pending or in progress relating in any way to the Patents. There are no existing contracts, agreements, options, commitments, proposals, bids, offers, or rights with, to, or in any person to acquire any of the Patents.
- 6.3 Existing Licenses. With the exception of a license to the University of Bath for academic and research purposes, no rights or licenses have been granted under the Patents.
- 6.4 Restrictions on Rights. Purchaser will not be subject to any covenant not to sue or similar restrictions on its enforcement or enjoyment of the Patents as a result of the transaction contemplated in this Agreement, or any prior transaction related to the Patents.

- 6.5 Conduct. None of Seller or its representatives has engaged in any conduct, or omitted to perform any necessary act, the result of which would invalidate any of the Patents or hinder their enforcement, including but not limited to misrepresenting Seller's patent rights to a standard-setting organization.
- 6.6 Enforcement. Seller has not put a third party on notice of actual or potential infringement of any of the Patents or considered enforcement action(s) with respect to any of the Patents.
- 6.7 Patent Office Proceedings. None of the Patents have been or are currently involved in any reexamination, reissue, interference proceeding, or any similar proceeding and that no such proceedings are pending or threatened.
- 6.8 Fees. All maintenance fees, annuities, and the like due on the Patents have been timely paid.
- 6.9 Consents. Seller has obtained all third party consents, approvals, and/or other authorizations required to make the assignments of Section 4.
- 6.10 Validity and Enforceability. The Patents have never been found invalid or unenforceable for any reason in any administrative, arbitration, judicial or other proceeding, and Seller has not received any notice or information of any kind from any source suggesting that the Patents may be invalid or unenforceable.
7. MISCELLANEOUS
- 7.1 Limitation on Consequential Damages. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR LOSS OF PROFITS, OR ANY SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, HOWEVER CAUSED, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. THE PARTIES ACKNOWLEDGE THAT THESE LIMITATIONS ON POTENTIAL LIABILITIES WERE AN ESSENTIAL ELEMENT IN SETTING CONSIDERATION UNDER THIS AGREEMENT.
- 7.2 Limitation of Liability. PURCHASER'S TOTAL LIABILITY UNDER THIS AGREEMENT SHALL BE THE PAYMENT OF FUNDS AS REQUIRED PURSUANT TO SECTION 3. THE PARTIES ACKNOWLEDGE THAT THESE LIMITATIONS ON POTENTIAL LIABILITIES WERE AN ESSENTIAL ELEMENT IN SETTING CONSIDERATION UNDER THIS AGREEMENT.
- 7.3 Compliance with Laws. Notwithstanding anything contained in this Agreement to the contrary, the obligations of the parties shall be subject to all laws, present and future, of

any government having jurisdiction over the parties and this transaction, and to orders, regulations, directions or requests of any such government.

- 7.4 Confidentiality of Terms. The parties hereto shall keep the terms and existence of this Agreement and the identities of the parties hereto confidential and shall not now or hereafter divulge any of this information to any third party except: (a) with the prior written consent of the other party; (b) as otherwise may be required by law or legal process, including in confidence to legal and financial advisors in their capacity of advising a party in such matters; (c) during the course of litigation, so long as the disclosure of such terms and conditions are restricted in the same manner as is the confidential information of other litigating parties; or (d) in confidence to its legal counsel, accountants, banks and financing sources and their advisors solely in connection with complying with financial transactions; provided that, in (b) through (d) above, (i) the disclosing party shall use all legitimate and legal means available to minimize the disclosure to third parties, including without limitation seeking a confidential treatment request or protective order whenever appropriate or available; and (ii) the disclosing party shall provide the other party with at least ten (10) days prior written notice of such disclosure.
- 7.5 Governing Law. Any claim arising under or relating to this Agreement shall be governed by the internal substantive laws of the State of New York without regard to principles of conflict of laws.
- 7.6 Jurisdiction. Each party hereby agrees to jurisdiction and venue in the courts of the State of California or the Federal courts sitting therein for all disputes and litigation arising under or relating to this Agreement.
- 7.7 Entire Agreement. The terms and conditions of this Agreement, including its exhibits, constitutes the entire agreement between the parties with respect to the subject matter hereof, and merges and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions. Neither of the parties shall be bound by any conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof other than as expressly provided herein. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. No oral explanation or oral information by either party hereto shall alter the meaning or interpretation of this Agreement. No amendments or modifications shall be effective unless in a writing signed by authorized representatives of both parties. These terms and conditions will prevail notwithstanding any different, conflicting or additional terms and conditions which may appear on any purchase order, acknowledgment or other writing not expressly incorporated into this Agreement. This Agreement may be executed in two (2) or more counterparts, all of which, taken together, shall be regarded as one and the same instrument. The following exhibits are attached hereto and incorporated herein: *Exhibit A* (entitled "Patent Rights to be Assigned"); *Exhibit B* (entitled "Assignment of Patent Rights") and *Exhibit C* (entitled "XiWave & Other Patents").

- 7.8 Notices: All notices required or permitted to be given hereunder shall be in writing, shall make reference to this Agreement, and shall be delivered by hand, or dispatched by prepaid air courier or by registered or certified airmail, postage prepaid, addressed as follows:

If to Seller

Donald M. Monro

6 The Lays, Goose Street

Beckington, Somerset, BA11 6RS ENGLAND

Attn: Don Monro

If to Purchaser

Ayscough Visuals LLC

171 Main St. #271.

Los Altos, CA 94022 U.S.A.

Attn: Managing Director

Such notices shall be deemed served when received by addressee or, if delivery is not accomplished by reason of some fault of the addressee, when tendered for delivery. Either party may give written notice of a change of address and, after notice of such change has been received, any notice or request shall thereafter be given to such party at such changed address.

- 7.9 Relationship of Parties. The parties hereto are independent contractors. Neither party has any express or implied right or authority to assume or create any obligations on behalf of the other or to bind the other to any contract, agreement or undertaking with any third party. Nothing in this Agreement shall be construed to create a partnership, joint venture, employment or agency relationship between Seller and Purchaser.
- 7.10 Equitable Relief. Seller agrees that damages alone would be insufficient to compensate Purchaser for a breach of this Agreement, acknowledges that irreparable harm would result from a breach of this Agreement, and consents to the entering of an order for injunctive relief to prevent a breach or further breach, and the entering of an order for specific performance to compel performance of any obligations under this Agreement.
- 7.11 Severability. The terms and conditions stated herein are declared to be severable. If any paragraph, provision, or clause in this Agreement shall be found or be held to be invalid or unenforceable in any jurisdiction in which this Agreement is being performed, the remainder of this Agreement shall be valid and enforceable and the parties shall use good faith to negotiate a substitute, valid and enforceable provision which most nearly effects the parties' intent in entering into this Agreement.
- 7.12 Waiver. Failure by either party to enforce any term of this Agreement shall not be deemed a waiver of future enforcement of that or any other term in this Agreement or any other agreement that may be in place between the parties.

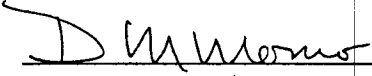
- 7.13 Assignment. The terms and conditions of this Agreement shall inure to the benefit of Purchaser, its successors, assigns and other legal representatives, and shall be binding upon Seller, its successor, assigns and other legal representatives.
- 7.14 Dispute Resolution. Except for the right of either party to apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm, any and all claims, disputes or controversies arising under, out of, or in connection with the Agreement which the parties shall be unable to resolve within sixty (60) days shall be mediated in good faith. The party raising such dispute shall promptly advise the other party of such claim, dispute or controversy in a writing which describes in reasonable detail the nature of such dispute. By not later than five (5) business days after the recipient has received such notice of dispute, each party shall have selected for itself a representative who shall have the authority to bind such party, and shall additionally have advised the other party in writing of the name and title of such representative. By not later than ten (10) business days after the date of such notice of dispute, the party against whom the dispute shall be raised shall select a qualified mediation firm and such representatives shall schedule a date with such firm for a mediation hearing. The parties shall enter into good faith mediation and shall share the costs equally. If the representatives of the parties have not been able to resolve the dispute within thirty (30) days after such mediation hearing, the parties shall have the right to pursue any other remedies legally available to resolve such dispute in either the Courts of the State of California or in the United States District Court for the Northern District of California, to whose jurisdiction for such purposes Purchaser and Seller each hereby irrevocably consents and submits. Notwithstanding the foregoing, nothing in this Article shall be construed to waive any rights or timely performance of any obligations existing under this Agreement.

In witness whereof, the parties have executed this Patent Purchase Agreement as of the Effective Date:

Ayscough Visuals LLC

Donald M. Monro


Signature


Signature

JULIA CEFALO
Printed Name

DONALD M. MONRO
Printed Name


AUTHORIZED PERSON
Title

PROFESSOR
Title

01 OCTOBER 2004
Date

9 SEPTEMBER 2004
Date

signed by Donald Martin
Monro in my presence



J. J. THRING
(NOTARY PUBLIC)
MIDLAND BRIDGE ROAD,
BATH, SOMERSET BA1 2HQ
ENGLAND

Patent Rights To Be Assigned

2. Monro, D. M., Progressive block-based coding for image compression (ZigZag Masking), Filed 1997, EP 0 962 099 B1. Granted in USA (application No. 375459), Britain, France, Germany.

8. Monro, D. M., Audio Compression (Adaptive Filterbank), WO 02/080146 A1, 10 October 2002.

<u>Patent or Application No.</u>	<u>Country</u>	<u>Filing Date</u>	<u>Title and Inventor(s)</u>
97 03441.7	Great Britain	19 February 1997	Progressive block-based coding for image compression, D. M. Monro
PCT/GB98/00360	PCT	05 February 1998	Progressive block-based coding for image compression, D. M. Monro
6,556,719 (appln 08/375,459)	US	05 February 1998	Progressive block-based coding for image compression, D. M. Monro
0 962 099 (appln 98 903 141.4)	EP	05 February 1998	Progressive block-based coding for image compression, D. M. Monro
Based on EP 0 963 099	FR	05 February 1998	Progressive block-based coding for image compression, D. M. Monro
698 06 729.0	DE	05 February 1998	Progressive block-based coding for image compression, D. M. Monro
GB 01 08080.3	GB	30 March 2001	Audio compression, D. M. Monro
PCT/GB02/01014	PCT	07 March 2002	Audio compression, D. M. Monro

02 720 091.4	EP	07 March 2002	Audio compression, D. M. Monro
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Handwritten mark

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CONFIDENTIAL