



License Management International, LLC Frequently Asked Questions

1. What does License Management International, LLC do?

License Management International, LLC (LMI) provides unbiased, thorough administrative management for licensing intellectual property (IP), trade secrets and other licensable tangible items. LMI acts on behalf of its clients, the licensors, to provide execution of the license on behalf of licensor and deliver pertinent information to licensees. When appropriate, LMI can invoice and collect royalties on behalf of clients, and then distribute any proceeds to clients.

LMI also provides secure facilities for the creation of the cryptographic values used in encryption and decryption of content, most commonly commercial entertainment content, as well as other types of data.

2. Who needs LMI's services?

Any company, or group of companies that form a legal entity and have the right to license a technology, is a potential LMI client. Most often, these companies and entities are interested in revenue generation and market expansion associated with sharing IP, but do not want to dedicate the time, personnel and resources necessary to build and sustain a successful licensing practice.

3. Is it cost-effective for companies to use LMI for license management?

Yes. By providing license management as its core competency, LMI has streamlined the process, and can save its clients valuable time, money and resources. LMI can provide economies of scale that its clients could never achieve by sharing resources to support licensing efforts across its client base. LMI's clients can then enjoy revenue generation and market expansion by sharing IP, without having to dedicate in-house personnel and resources to get the job done. The benefits to its clients are far-reaching, as they can remain focused on the core competencies of their business such as development, partnerships, and sales.

4. Why don't companies handle their own licensing?

It is time-and-resource intensive to build, manage and maintain a successful licensing practice. LMI's clients have found that it is far more cost-effective to outsource the license management function to LMI, with extensive knowledge and experience in this area. Also, as a third party, LMI treats its clients' licensees in a fair, non-discriminatory manner during transactions. This is particularly important when working with a large number of qualified licensees, or when working directly with fierce competitors that may have competitive technologies.

5. Other than a single company, what other types of "entities" would need license management services from LMI?

Oftentimes, two or more industry leading companies may combine intellectual property to form a particular licensable technology. In order to ensure that the licensing process is conducted on a fair, reasonable and non-discriminatory basis, these companies prefer to have a third-party provide the licensing and royalty collection function. LMI then provides the license administrative management and cryptographic value generation on behalf of these separate entities.



6. What is “cryptographic value generation”?

Cryptographic value generation means the creation, using computers, of electronic keys used to lock and unlock the content being protected. LMI provides a secure environment to calculate such values and then delivers them securely to licensees. Often, the values generated are themselves encrypted on writable media and sent to licensees to assure confidentiality. Other methods of secure transmission of cryptographic values are available from LMI if a client so needs. LMI’s highly trained technical staff has vast experience in cryptographic value generation to support a range of technologies, ensuring the highest accuracy and reliability.

While cryptographic values are commonly used to protect digital content, they can also be used to facilitate secure data transmission in public places or in a verification process such as at a kiosk, cell phones or pay per view. This capability can also be applied to manufacturing applications where cryptographic values are downloadable for insertion into products.

7. What does “executing the license” entail?

LMI can execute, or sign, a license on behalf of its clients, which is especially beneficial with multi-company entities. In this case, it would take months to route each license to each company within the entity for signature, and in addition, administrative costs would dramatically rise in tracking each founder’s designated person to sign all the licenses every week. By executing licenses, LMI further eases the license administration process to ensure both licensors and licensees can focus on their core business.

Of course, LMI does not negotiate any changes in any license. If a question or request comes from a potential licensee, LMI contacts the appropriate group, whether it is a multi-member entity or a single company, for a response.

8. Is LMI a subsidiary or owned by any of the well-known technology companies?

No, LMI is neither a subsidiary nor owned by any technology company. LMI is an independent company (Delaware LLC). However, LMI’s team has worked extensively with the executive management teams of many of the world’s leading technology companies on licensing efforts. Plus, many of these companies hold joint interest in the licensing claims of several LMI clients.

9. Who are LMI’s clients?

LMI potentially could serve any company or other legal entity with the right to a license a particular technology. Currently, LMI has among its clients, the following:

- DVD Copy Control Association: The DVD CCA is responsible for licensing the Content Scramble System, which protects against unauthorized copying of DVD content.
- 4C Entity: The 4C Entity is responsible for licensing several technologies to protect digital information, including the CPRM / CPPM specification that defines a method for protecting entertainment content when recorded on physical media. CPRM/CPPM is a key component of the Content Protection System Architecture (CPSA), which defines how to integrate major existing content protection technologies.

10. Does LMI only represent DVD-related technologies?

No. LMI is capable of providing administrative management licensing, cryptographic value generation and related services to any client and clients’ target customers, no matter what technology they are licensing, no



matter what the industry. DVD content protection technology licensing is only one of the activities managed by LMI.

11. What is the relationship between LMI and the DVD Forum and Format/Logo Licensing Corporation (FLLC)?

As LMI has clients that have licenses related to DVD technology, LMI cooperates with the DVD Forum and FLLC as needed to ensure that other licenses, which may be required under the clients' license, are in place for the licensee. LMI is not a part of the DVD Forum or FLLC. By their own description, the DVD Forum provides the definition of the DVD formats, while the FLLC licenses the use of the DVD formats and DVD logos. Both of these entities are located in Japan.

12. In addition to administrative services, royalty collection and cryptographic value generation, are there any other services or capabilities provided by LMI?

Yes, LMI provides value-added services to aid its clients' licensing efforts, including support for the product verification process with review boards and associations, interface with industry groups, legal support for license creation/maintenance, website hosting, group e-mailing and first level technical support.

13. Does LMI represent its clients in public forums?

LMI will represent a client in public forums if a client desires. In some cases LMI's clients have requested that LMI management act as the manager of an entity. In this capacity, the manager speaks and acts on behalf of the entity regarding all licensing issues as directed by the client.

14. Does LMI anticipate growing its business in the near future?

Yes. LMI is poised for growth as its existing and new clients realize the benefits of outsourcing their administrative license management. With the digital information revolution underway, companies worldwide are developing more robust, advanced and complex technologies to change the way we live and work. At the same time, these companies are under mounting pressure to streamline expenses. As a result, they will turn to LMI for cost-effective management of their license administration needs.