

Exhibit C

Portions of this exhibit marked [*] are requested to be treated confidentially.

PROCEEDS INVESTMENT AGREEMENT

Dated as of November 14, 2016

by and between

DOCUMENT SECURITY SYSTEMS, INC.

and

BRICKELL KEY INVESTMENTS LP

This PROCEEDS INVESTMENT AGREEMENT, dated as of November 14, 2016 (this “**Agreement**”), between:

- ? **DOCUMENT SECURITY SYSTEMS, INC.**, a New York corporation with its principal place of business at 200 Canal View Blvd., Suite 300, Rochester, New York 14623 (“**DSS**”); and
- ? **BRICKELL KEY INVESTMENTS LP**, a Delaware limited partnership, with its principal place of business at 11 New Street, St. Peter Port, Guernsey GY1 2PF (“**INVESTOR**”)

(each of DSS and INVESTOR is referred to herein individually, as a “**Party**” and, collectively, as the “**Parties**”). References made herein to “DSS” shall be limited to and interpreted to mean the parent company only, unless specifically stated otherwise.

Preamble

A. DSS is seeking \$13,500,000.00 (the “**Commitment**”) to acquire the patent assets defined hereunder and set forth in Schedule A (the “Patent Assets”), to fund predetermined assertion programs originating from certain of those Patent Assets, and for Working Capital;

B. INVESTOR invests directly and indirectly in claims, disputes, and litigation and arbitration claims;

C. INVESTOR is prepared to make the Investment (as hereinafter defined) and, in consideration therefore, DSS is prepared to assign to INVESTOR the Patent Assets Proceeds (as hereinafter defined) subject to the terms and conditions set forth herein.

D. The Parties do not intend to waive any attorney-client privilege or any immunities from discoverability of attorney work product or other privileged materials or communications. The Parties believe they have common interests in the pursuit of the Claims.

NOW THEREFORE, for good and valuable consideration, it is agreed as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement the following terms shall have the meanings given below:

“**Additional Return**” has the meaning set forth in Section 3.3(a)(ii).

“**Affiliate**” means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person.

“**Applicable Period**” means the period starting on the date hereof and ending on November 30, 2031.

“**Assigned Rights**” has the meaning set forth in Section 3.1.

“**Attorney Engagement Agreement**” means the Engagement Agreement between an Attorney and DSS related to the Claims.

“**Attorneys**” means Russ August & Kabat, located in Los Angeles, CA.

“**Authorization**” means an authorization, consent, approval, resolution, license, exemption, filing, notarization or registration.

“**Authorized**” means authorized by any and all action or Authorization required to make the action contemplated thereby legally binding on a Party.

“**Business Day**” means any day, excluding Saturday, Sunday, any day which is a legal holiday in New York, New York or a day on which banking institutions in such jurisdiction is authorized or required by law or other governmental action to close.

“**Claims Costs and Expenses**” as used in this Agreement means costs, expenses and disbursements directly related to the Claims, including (without limitation) costs or expenses incurred in the negotiation and drafting of this Agreement, that are (i) validly incurred by DSS or paid or due and payable to third parties including Attorneys; (ii) documented by receipts and invoices paid by DSS or submitted to DSS in connection with the Claims; or (iii) incurred by an Attorney on behalf of DSS pursuant to an Attorney Engagement Agreement. Claims Costs and Expenses shall not include any internal costs or expenses of DSS, including but not limited to overhead or operating costs or expenses of it or its employees, but shall include only costs and expenses incurred by DSS and/or third parties (including travel and lodging expenses of DSS employees) in connection with prosecuting, enforcing or defending the Claims, such as (A) the fees and expenses of consultants, damages experts, other experts or technical advisors, and fact witnesses, or such fees and expenses paid directly by DSS, (B) travel and lodging expenses of third parties involved in the Claims, such as witnesses and experts, for purposes of holding Claims meetings, the preparation of witness statements and expert reports, attending legal proceedings relating to the Claims, and the like, and (C) duplicating, secretarial, stenographer, courier, translation, outsourced legal research, and similar services provided by Persons other than DSS.

“**Claims**” means the cases and claims originating from predetermined assertion programs involving certain of the Patent Assets referenced in Schedule A to be asserted by DSS, or any of its Affiliates or by special purpose vehicle(s) against alleged infringers including, but not limited to, any and all related, remanded, appellate or future claims, cases, arbitrations or proceedings arising from or seeking similar recoveries or remedies.

“**Claims Proceeds Account**” means the attorney escrow account in the name of DSS under the control of Russ August & Kabat designated for the purposes of receiving and holding the Patent Assets Proceeds pursuant to Section 3.2 and to be operated in accordance with such section.

“**Closing**” means the closing of the transactions contemplated hereby pursuant to Section 5.2.

“**Closing Date**” means the date on which each of the conditions set forth in Sections 5.1 and 5.2 of this Agreement is satisfied or waived by the applicable Party.

“**Commitment**” has the meaning set forth in Preamble A.

“**Corrupt Practices Policies and Procedures**” has the meaning set forth in Section 6.1(i).

“**Default**” means any event or circumstance specified in Section 8 (Events of Default) that would (with the expiration of a grace period or the giving of notice) become an Event of Default. A Default is “continuing” if it has not been remedied or waived.

“**Defendant**” means any of the defendants that is the subject of the Claims.

“**Disputes**” has the meaning set forth in Section 9.3.

“**Dollar**” or “**\$**” means United States Dollars.

“**Funding Documents**” means, collectively, this Agreement, the Perfection Documents, and any other document contemplated by this Agreement.

“**INVESTOR**” mean Brickell Key Investments LP, as set forth in the Preamble.

“**INVESTOR’s Return**” has the meaning set forth in Section 3.3.

“**Investment**” has the meaning set forth in Section 2.1.

“**IRR Return**” means an amount that provides INVESTOR with a [*] percent ([*]%) internal rate of return on the Commitment.

“**Material Adverse Effect**” means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business or properties of the Party in question or any of its Affiliates, taken as a whole, (b) a material impairment of the ability of the Party in question to perform any of its obligations under any material provision of any Funding Document, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Party in question of any material provision of any Funding Document.

“**Minimum Return**” has the meaning set forth in Section 3.3(a)(i).

“**Multiple**” means [*] times ([*]x) the Commitment.

“**Party**” and “**Parties**” have the respective meanings set forth in the third introductory paragraph of this Agreement.

“**Patent Assets**” means those patents and Pending Patent Applications set forth in Schedule A.

[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

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