

PATENT LICENSE AGREEMENT

This Patent License Agreement (this "**Agreement**") is made as of October 18, 2002 (the "**Effective Date**"), between Kinetech Inc., a Delaware corporation having its principal place of business at 3140 Whisperwoods Court, Northbrook, Illinois 60062 ("**Kinetech**") and Brilliant Digital Entertainment, Inc., a Delaware corporation having its principal place of business at 6355 Topanga Canyon Boulevard, Suite 120, Woodland Hills, California 91367 ("**Brilliant**") and Altnet, Inc., a Delaware corporation having its principal place of business at 6355 Topanga Canyon Boulevard, Suite 120, Woodland Hills, California 91367 ("**Altnet**") (Brilliant and Altnet together shall be referred to herein as the "**Licensee**").

RECITALS

A. Kinetech is the co-owner of United States Patent No. 5,978,791 and all related intellectual property. The term "**Patent**" will include U.S. Patent No. 5,978,791 and all improvements, modifications, continuations, continuations-in-part, divisions, re-issues and re-examinations thereof.

B. Licensee desires to obtain a license to use the Patent (as defined herein) in connection with exploiting various opportunities within the Permitted Use (as defined in Section 1.1 below) in the Territory (as defined in Section 1.1 below) ("**Business**"). Kinetech is willing to provide Licensee with a license to use the Patent in connection with Licensee's Business upon the terms of this Agreement.

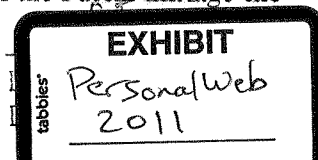
AGREEMENT

In consideration of the foregoing and the various obligations and rights set forth below, the parties agree as follows:

ARTICLE 1 LICENSE

1.1 License Grant. Subject to the terms and conditions set forth in this Agreement, Kinetech grants Licensee only in the United States of America, its territories, and its possessions, as well as any other country or geographic region for which a patent application has been filed by Kinetech or a patent has been issued to Kinetech that is, in all material respects, substantially similar to the Patent ("**Territory**," a limited, non-exclusive (subject, however, to the exclusivity terms set forth in Section 1.1.1 below), non-transferable, revocable, sublicensable (subject to the terms set forth in Section 1.1.2 below) right (the "**License**") under and to the Patent for the sole purpose of developing, marketing, renting and/or selling products and/or services which, without this License, would infringe or contribute to the infringement of any claim of the Patent (as defined in this Section below) only within the constraints of the permitted uses set forth in *Schedule 1.1* attached hereto and by this reference incorporated herein (the "**Permitted Use**") and in connection therewith, to use any method the practice of which, without this License, would infringe or contribute to the infringement of any claim of the Patent. For purposes of this Agreement, the term, "**Patent**" includes any other United States or foreign patent filed by, or issued or assigned to Kinetech or Ronald Lachman (or for which Kinetech otherwise has a right or ability to grant a license under) that would be necessary for Licensee to conduct the Business or to develop, market, and/or sell products and/or services embodying patent no. 5,978,791 within the scope of the Permitted Use, including without limitation, any Improvements (as defined in Section 2.2 below), all additional applications for, corresponding to and claiming the benefit of, and continuations, divisions, reissues and foreign counterparts of same.

1.1.1 Exclusivity. Notwithstanding anything to the contrary contained in Section 1.1 above and subject to the conditions contained in this Section 1.1.1, Kinetech agrees that Kinetech will not itself develop, market, lease and/or sell, and will not offer or grant any license of the Patent to any third party for the purpose of developing, marketing, leasing and/or selling, products and/or services within the scope of the Permitted Use in the Territory that would without a License of the Patent infringe the



Patent for as long as the rights under the Patent remain enforceable (“**Exclusivity Period**”), and to this extent, the License shall be deemed to be exclusive to Licensee. The Exclusivity Period granted in this Section 1.1.1 shall, at Kinotech’s sole reasonable discretion, become void and the rights granted Licensee in this Section 1.1.1 shall be revoked and terminated upon the occurrence of any of the following events, at which point the only rights of Licensee shall be the License as granted in Section 1.1 above:

(a) If Licensee voluntarily ceases its substantial efforts as a core business focus of Licensee to market and sell products and/or services which embody the Patent within the Permitted Use to third parties that are not Licensee Affiliated Companies (as defined in Section 1.1.2 below) in the Territory; or

(b) If Licensee voluntarily ceases its substantial efforts to facilitate the market expansion and exploitation of business opportunities for the Business; or

(c) If Licensee involuntarily ceases exploitation of the Business, due to legal enforcement or otherwise, for a period of six (6) months or more, except if such involuntary cessation is caused by a third party claim that the Patent infringes on such third parties’ patent rights.

1.1.2 Sublicensing. Subject to the additional terms and conditions set forth on *Schedule 1.1.2* attached hereto and by this reference incorporated herein, Licensee may sublicense the rights granted to Licensee in the License hereunder only to third parties that are not “Licensee Affiliated Companies” (as defined below) and only for the purpose of (i) developing, marketing, renting and/or selling products and/or services utilizing the invention embodied in the Patent for the Permitted Use in the Territory, or (ii) a bona fide litigation settlement or cross-licensing transaction; in each case on the condition that Licensee delivers an execution copy of any such proposed sublicensing agreement to Kinotech no later than ten (10) days prior to executing such sublicensing agreement with a sublicensee pursuant to the notice provisions set forth in Section 9.2 of this Agreement. Kinotech’s failure to provide written notice of objection pursuant to the notice provisions set forth in Section 9.2 of this Agreement to any of the terms of such proposed sublicensing agreement within the ten (10) day period referred to above shall constitute its agreement that the rights to any the Patent granted in such sublicense agreement do not exceed the rights granted by Kinotech to Licensee pursuant to this Agreement. Licensee specifically agrees that the rights to the Patent granted in such sublicense agreement may not exceed the rights granted by Kinotech to Licensee pursuant to this Agreement as such may be determined by Kinotech in its sole reasonable judgment. Furthermore, Licensee specifically agrees that Licensee may not grant such sublicensees the right to further sublicense the Patent to related parties or third parties. “**Licensee Affiliated Companies**” shall mean any entity which is directly or indirectly majority owned or controlled by either Licensee or in which either Licensee directly or indirectly owns 5% or more of such entity’s outstanding equity securities.

1.2 Certain License Restrictions. Licensee shall keep its rights to the Patent hereunder free of any liens, claims or encumbrances of any type other than liens that may be granted from time to time to lenders in connection with senior and subordinated debt financing. Licensee is authorized to use the Patent solely in accordance with the Permitted Use in the Territory. Licensee must obtain Kinotech's prior written permission (which may be withheld by Kinotech in Kinotech’s sole discretion) before utilizing the Patent for any purpose not specifically authorized as a Permitted Use or for any use, without exception, outside the Territory.

1.3 Retention of Rights. Subject to Section 1.1.1 only, Kinotech reserves the right to use the Patent in any manner, or grant licenses, assign, convey, transfer, sell or otherwise alienate the Patent to any third party for use outside the field and scope of the Permitted Use, whether or not such use by Kinotech or such third party is in direct competition with the business of Licensee.

1.4 Consideration. Concurrent with the execution of this Agreement, as consideration for the License, Licensee will issue to Kinotech a warrant to purchase five million (5,000,000) shares of Licensee common stock exercisable for a period of seven years following the Effective Date at an exercise price of the greater of \$0.00001 per share or par value (“**Warrant**”) pursuant to the Warrant

Agreement attached as *Exhibit A* (“**Consideration**”). Licensee specifically acknowledges and agrees that the shares underlying the Warrant shall be included as part of the next registration of Licensee’s common stock filed by the Licensee under the Securities Act of 1933, as amended (other than registrations on Form S-8 covering compensatory option plans), and that such registration shall be filed no later than November 29, 2002. Licensee shall use all reasonable efforts to complete such registration process before January 23, 2003.

1.5 Status. The status of Licensee under this Agreement is that of an independent contractor and not an agent or employee of Kinotech for all purposes, including without limitation payment of all taxes and assessments which any state, federal, municipal or other taxing authority may impose.

1.6 Maintenance. During the term of this Agreement, Kinotech shall take all actions reasonably necessary to maintain the Patent. Licensee agrees to pay Kinotech one third (1/3) of all expenses and/or fees (including attorneys fees and filing costs) Kinotech incurs in maintaining the Patent, including without limitation, all filings and other requirements regarding all improvements, modifications, continuations, continuations-in-part, divisions, re-issues and re-examinations thereof including all U.S. Patent and Trademark Office or Patent Trial and Appeal Board administrative proceedings challenging the validity of the Patent or any of the claims of the Patent. Licensee shall make such payments to Kinotech within thirty (30) days of receiving an invoice from Kinotech.

ARTICLE 2 **OWNERSHIP RIGHTS**

2.1 Exclusive Rights in Kinotech. Licensee acknowledges that as between Licensee and Kinotech, Kinotech has the exclusive, proprietary ownership and, except for the License granted hereunder, use rights to the Patent. No title to or ownership of the Patent in any form (except for the License) is transferred to Licensee. All rights not expressly granted to Licensee are expressly reserved by Kinotech.

2.2 Improvements.

2.2.1 Improvements to the Patent. Licensee agrees that Kinotech will have the sole and exclusive right, title, and interest (both legal and equitable) to all of the intellectual property rights in all developments, adoptions, enhancements or modifications that constitute improvements in or to the Patent or otherwise fall within the scope of the Patent claims (“**Improvements**”) made by either Licensee or Kinotech. Kinotech agrees that the Improvements will be deemed (without the payment of additional royalties) part of the License granted hereunder to Licensee. Neither Kinotech nor Licensee are, however, obligated to make any Improvements. Furthermore, Licensee hereby acknowledges and agrees that any Improvements made by Licensee, in any way, will be deemed to be done under Kinotech’s approval, direction and control and that all such Improvements shall be considered a work made for hire and Kinotech shall own all right, title and interest therein. Kinotech shall be considered the author of the Improvements for purposes of copyright and thus shall own all the rights in and to the copyright of the Improvements and only Kinotech shall have the right to copyright the same, which Kinotech may do in its name or in such name as Kinotech may choose. To the extent that the Improvements or the copyrights therein do not automatically vest in Kinotech, Licensee hereby grants, assigns and transfers to Kinotech all right, title and interest in and to the Improvements to the extent that Licensee has had or will have any right, title or interest therein. Kinotech shall have the sole and exclusive rights to all the Improvements and any additions and modifications thereto throughout the world, whether such rights currently exist or are recognized in the future, and in all media and languages, whether now or subsequently existing. Licensee shall execute such further instruments as Kinotech may request to evidence, establish, maintain or protect Kinotech’s rights in and ownership of the

Improvements.

2.2.2 Improvements to Processes and Know-How Ancillary to the Patent. Subject to the terms and conditions contained herein and notwithstanding any provisions of this Agreement to the contrary, the parties agree that Licensee shall own any improvement in, modification to or development of any method or apparatus used for manufacturing and/or using products or services embodying the Patents as well as any improvement in, modification to or development of any know-how used for manufacturing and/or using products or services embodying the Patents (collectively, "**Related Development**"). The definition of "Related Development" specifically excludes the Patent. Notwithstanding any other provision of this Agreement, the parties acknowledge and agree that the Altnet P2P software stack does not contain any protectible element of the Patent and that, as between Licensee and Kinetech, Licensee has the exclusive, proprietary ownership and use rights to the Altnet P2P software stack, together with all code and other components thereof, whether developed by or for, or licensed to, Licensee and any improvements or modifications thereto, including all know-how, techniques, inventions and code relating thereto (collectively, the "**Altnet P2P Stack**").

2.3 Acknowledgments. Each party acknowledges and agrees that they may receive certain proprietary information of the other party marked as confidential. All such information, specifically marked as confidential by a disclosing party, shall constitute trade secrets of the disclosing party within the meaning of the Uniform Trade Secrets Act ("**Trade Secrets**"). The confidential obligations of a receiving party herein will cease as to Trade Secrets that: (1) have become publicly known through no fault of the receiving party; (2) are received by the receiving party properly and lawfully from a third party without restriction on disclosure and without knowledge or reasonable suspicion that the third party's disclosure is in breach of any obligations to the disclosing party; (3) have been developed by the receiving party completely independent of the delivery of Trade Secrets by the disclosing party hereunder; or (4) have been approved for public release by written authorization of the disclosing party, or (5) are required by judicial, legislative or regulatory process to be disclosed (provided, that if any Trade Secrets are required by judicial, legislative or regulatory process to be disclosed, the receiving party shall provide the disclosing party with prompt written notice of any such request or requirement so that the disclosing party may seek an appropriate protective order or other appropriate remedy and/or waive compliance with the terms of this agreement.)

2.4 Patent Markings. Licensee agrees to cause any products made by or for Licensee which are covered by one or more claims of the Patent to have clearly marked thereon, in a manner that is commercially reasonable and customary for such category of products a patent notice listing the number(s) of the Patent.

ARTICLE 3 CONFIDENTIALITY

3.1 Duties.

3.1.1 Due to the importance and sensitivity of the Trade Secrets disclosed by Kinetech, Licensee agrees that during the Agreement Period and for three years following the termination of this Agreement or the License for any reason, Licensee shall (i) hold such Trade Secrets in confidence, (ii) not use such Trade Secrets except for the purposes contemplated by this Agreement, (iii) not publish or disclose such Trade Secrets to third parties unless authorized in writing by Kinetech; and (iv) not permit any individual who is not in Licensee's employment to use, publish, disseminate, disclose or have access to the Trade Secrets, except for those third parties who have a need to know and who have agreed in writing to maintain the confidentiality thereof.

3.1.2 Due to the importance and sensitivity of the Trade Secrets disclosed by Licensee, Kinetech agrees that during the Agreement Period and for three years following the termination of this

Agreement or the License for any reason, Kinotech shall (i) hold such Trade Secrets in confidence, (ii) not use such Trade Secrets except for the purposes contemplated by this Agreement, (iii) not publish or disclose such Trade Secrets to third parties unless authorized in writing by Kinotech; and (iv) not permit any individual who is not in Kinotech's employment to use, publish, disseminate, disclose or have access to the Trade Secrets, except for those third parties who have a need to know and who have agreed in writing to maintain the confidentiality thereof.

3.2 Duty to Disclose. A receiving party shall with reasonable promptness notify the disclosing party of any information which comes to the receiving party's attention which does or might indicate that there has been any loss of confidentiality arising from the receiving party's act or omissions concerning the disclosing party's Trade Secrets, it being understood, however, that a party that is required to provide such notice shall have no liability for any delay in providing such notice if the party required to be notified is not materially prejudiced by such delay. In such event, the receiving party will take all commercially reasonable steps within its power to limit the spread of such information, including but not limited to taking whatever legal action necessary to terminate such spread. The disclosing party, in its sole discretion, will have the right to take over and assume control of any such litigation, by providing receiving party with written notice of its decision to do so, and the receiving party will cooperate fully with the disclosing party in such litigation.

3.3 Title Protection. Licensee covenants that it shall not attack, compromise, file suit against or in any manner attempt to vitiate or commit or fail to take any action which could vitiate any of the rights, titles or interests of Kinotech in the Patents.

3.4 Survival of Covenants. Licensee's obligations under this Article 3 will survive the termination of this Agreement or any of this Agreement's provisions, for any reason.

ARTICLE 4 **WARRANTIES**

4.1 Kinotech's Warranties. Kinotech warrants that, to the best of Kinotech's actual knowledge on the Effective Date, (i) Kinotech has sufficient rights in the Patent, to grant the License; (ii) the Patent is valid and enforceable, (iii) the 13 page document entitled "Claims Allowed in TrueNames Continuation Application" provided to Licensee by Kinotech is an accurate and complete description of a continuation of the Patent that has been granted by the United States Patent and Trademark Office; (iv) no other person has the right to grant any license or to practice or use the data processing system described in the Patent within the scope of the Permitted Use and within the Territory; and (v) Kinotech's license of the Patent pursuant to this Agreement does not, to the best of Kinotech's actual knowledge on the Effective Date, infringe any rights of any third party under any United States patent law.

4.2 Warranty Exclusion and Waiver. THE WARRANTIES SET FORTH IN SECTION 4.1 AND 4.3 ARE THE SOLE AND EXCLUSIVE WARRANTIES OF KINETECH UNDER THIS AGREEMENT. KINETECH SPECIFICALLY DISCLAIMS AND LICENSEE SPECIFICALLY WAIVES ALL WARRANTIES WHICH ARE NOT CONTAINED IN SECTION 4.1 ABOVE, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN OR ARISING BY TRADE USAGE OR OTHERWISE, INCLUDING BUT NOT LIMITED TO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

4.3 Mutual Representations and Warranties. Licensee and Kinotech hereby each, with respect to itself, represents and warrants to the other as follows:

4.3.1 It is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation;

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