

SETTLEMENT AND LICENSE AGREEMENT

This Settlement and License Agreement ("Agreement") is entered into, effective as of November 1, 2004 ("Effective Date"), by and between UNIVERSAL ELECTRONICS INC., a corporation organized and existing under the laws of the State of Delaware and UNIVERSAL REMOTE CONTROL, INC., a corporation organized and existing under the laws of the State of New York.

WHEREAS, there is now a civil action pending between the parties in the United States District Court for the Central District of California entitled *Universal Electronics Inc. v. Universal Remote Control, Inc.*, Civil Action No. SACV-00-1125 AHS (MLGx) (the "Lawsuit");

WHEREAS, the Lawsuit relates to certain intellectual property owned by UEI (as defined in Paragraph 1.1 below), namely U.S. Patent Nos. 4,959,810; 5,959,751; 6,014,092; and 6,195,033; and

WHEREAS, the parties are desirous of avoiding further litigation risks and expenses and seek an amicable and final business resolution and settlement of all claims relating to the UEI Patents-in-Suit (as defined in Paragraph 1.6 below) and the counterclaims brought by URC (as defined in Paragraph 1.2 below), on the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, in accordance with the foregoing recitals, and in consideration of the mutual covenants and conditions hereinafter set forth, UEI and URC agree as follows:

Article 1.0 Definitions

1.1 "UEI" means UNIVERSAL ELECTRONICS INC. and its Subsidiaries (as defined in Paragraph 1.8 below).

1.2 "URC" means UNIVERSAL REMOTE CONTROL, INC. and its Subsidiaries (as defined in Paragraph 1.9 below).

1.3 "CMT" means COMPO MICRO TECHNOLOGIES, INC. and its Subsidiaries (as defined in Paragraph 1.9 below).

1.4 "OHSUNG" means OHSUNG ELECTRONICS CO., LTD. and its Subsidiaries (as defined in Paragraph 1.9 below).

1.5 "URC Parties" means URC, CMT and/or OHSUNG

1.6 "Effective Date" shall mean November 1, 2004 as set forth above.

1.7 "UEI Patents-in-Suit" shall mean U.S. Patent Nos. 4,959,810; 5,959,751; 6,014,092; and 6,195,033 and any corresponding foreign patents, and all reissues thereof.

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1.8 “UEI Related Patents” shall refer to any patent or patents that are based on a continuation or divisional application of the UEI Patents-in-suit, or have a parent application in common with any of the UEI Patents-in-suit, including but not limited to U.S. Patent Nos. 6,587,067 and 6,496,135.

1.9 “Subsidiary” shall mean any company, corporation or other business entity controlled, either directly or indirectly, by a party to this Agreement, or such party’s parent company if the party is itself a subsidiary, through ownership or control of fifty percent or more of the voting stock or other voting interest.

1.10 “Licensed Product” is defined as meaning any product which is or may be covered by one or more claims of the UEI Patents-in-Suit.

1.11 “Covered Territory” shall mean the World.

Article 2.0 Warranties and Representations

2.1 UEI warrants and represents that it is the exclusive owner of the UEI Patents-in-Suit and that it has not assigned, transferred, or exclusively licensed any right, title or interest in any of the UEI Patents-in-Suit or any claim UEI may have against URC under such UEI Patents-in-Suit to or in favor of any third party. UEI will not assign, transfer or exclusively license any right, title or interest in the UEI Patents-in-Suit to or in favor of any third party in the absence of the assumption by that third party of UEI’s obligations under this Agreement.

2.2 URC represents and warrants that, as of the Effective Date, neither it nor CMT has any parents and/or subsidiaries and OHSUNG has the following parents and/or subsidiaries:

<u>Parent</u>	<u>Subsidiaries</u>
Ohsung Co., Ltd.	Ohsung Electronics U.S.A., Inc. OHSUNG MEXICO S.A. DE C.V. PT. OHSUNG ELECTRONICS INDONESIA Ohsung Electronics (Suzhou) Co., Ltd.

2.3 UEI represents and warrants that, as of the Effective Date, it has the following parent and subsidiaries:

<u>Parent</u>	<u>Subsidiaries</u>
None	Universal Electronics BV SimpleDevices, Inc.

One For All UK

One For All Argentina SRL

One For All GmbH

Ultra Control Consumer Electronics GmbH

One For All Iberia SL

One For All France SAS

2.3 URC represents and warrants that in connection with the Lawsuit it has provided UEI with accurate information concerning the technical operation and sales of the Licensed Products to the extent that said information was available as of the Effective Date.

2.4 URC represents and warrants that OHSUNG is the sole manufacturer of remote control products sold by URC and CMT. URC and OHSUNG further represent that OHSUNG has not made or sold remote control product for sale on a stand alone basis by any entity in the United States other than URC and CMT. URC also represents and warrants that CMT is a commonly owned sister company to URC in the United States whose primary purpose is to sell remote control products, including Licensed Products, in certain segments of the market and CMT does not manufacture any remote control products, or sell any remote control products manufactured by any entity other than OHSUNG.

Article 3.0 Releases

3.1 Except as otherwise provided in this Agreement, UEI releases and forever discharges the URC Parties, their parent, Subsidiaries, employees, officers, directors, predecessors, successors, assigns, agents and representatives from any and all claims, demands, debts, liabilities, obligations, accounts or causes of action of any nature whatsoever that relate to the UEI Patents-in-Suit, at law or in equity, whether or not known, which are based on the URC Parties' making, selling, using, offering for sale or importing remote control products on or before the Effective Date of this Agreement. This Agreement and Release will not operate in any way as a release or waiver as to any other claims UEI may have against the URC Parties: (a) under any other patents, whether or not related to the UEI Patents-in-Suit; (b) under any intellectual property rights owned by UEI other than those expressly identified herein; or (c) which relate to products which have not been used, sold, offered for sale or imported by the URC Parties.

3.2 UEI acknowledges that it is aware of, has read, and has had explained to it by its attorneys, understands and expressly waives any and all rights it has or may have under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

UEI acknowledges that, subject to the truth and accuracy of URC's representations and warranties set forth herein, it may later discover facts different from or in addition to those which it knows or believes to be true with respect to these released claims relating to the UEI Patents-in-Suit, and it agrees that, in such event, this Agreement shall nevertheless remain effective in all respects, notwithstanding such different or additional facts or the discovery of those facts.

3.3 Except as otherwise provided in Paragraph 3.5, or otherwise in this Agreement, the URC Parties release and forever discharge UEI, its Subsidiaries, employees, officers, directors, predecessors, successors, assigns, agents and representatives from any and all claims, demands, debts, liabilities, obligations, accounts or causes of action of any nature whatsoever, at law or in equity, whether or not known, arising on or before the Effective Date of this Agreement that relate to the UEI Patents-in-Suit, the counterclaims brought by URC in the Lawsuit or the Lawsuit in general.

3.4 Except as provided in Paragraph 3.5 or as required by law, such as court order, the URC Parties agree to not challenge or assist others in contesting or challenging the validity, enforceability or scope of any of the UEI Patents-in-Suit.

3.5 In the event that UEI brings or threatens to bring an infringement action based on a UEI Related Patent against the URC Parties, or threatens the URC Parties' customers with a UEI Related Patent based on products made, used or sold by the URC Parties, so as to create a justifiable case or controversy, the URC Parties expressly reserve the right to assert any cause of action, affirmative defense and/or counterclaim, even if such cause of action, affirmative defense and/or counterclaim would have the indirect effect of rendering one or more of the UEI Patents-in-suit invalid, unenforceable or limited in scope, provided, however, that nothing herein shall permit the URC Parties to directly challenge the validity, enforceability or scope of any of the UEI Patents-in-Suit.

3.6 URC acknowledges that it is aware of, has read, and has had explained to it by its attorneys, understands and expressly waives any and all rights it has or may have under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

URC acknowledges that, subject to the truth and accuracy of UEI's representations and warranties set forth herein, it may later discover facts different from or in addition to those which it knows or believes to be true with respect to these released claims, and it agrees that, in such event, this Agreement shall nevertheless remain effective in all respects, notwithstanding such different or additional facts or the discovery of those facts.

Article 4.0 License

4.1 As of the Effective Date, UEI hereby grants a paid up, non-exclusive, worldwide license to the URC Parties under the UEI Patents-in-Suit to make, have made, distribute, use, sell and/or offer for sale the Licensed Products in the Covered Territory for the entire respective patent terms of the UEI Patents-in-Suit; provided, however, that if OHSUNG knowingly sells to

a third party for distribution in the United States on a stand alone basis, OHSUNG shall not have a license for any sales made by said third party in the United States.

4.2 The license and covenants granted herein shall be binding on any successor of UEI in ownership or control of the UEI Patents-in-Suit.

4.3 The rights and obligations granted the URC Parties herein shall include the URC Parties' present and future Subsidiaries. Each Subsidiary under this Agreement shall be bound by the terms and conditions of this Agreement as if it were named herein in the place of the URC Parties. URC represents to UEI that it has the power to bind CMT, OHSUNG and the Subsidiaries to the terms and conditions of this Agreement and agrees to take whatever action is necessary to legally bind CMT, OHSUNG and the Subsidiaries. URC shall immediately notify UEI in writing of any Subsidiaries using the license granted herein.

Article 5.0 Royalties/Payments

5.1 In consideration of the releases, covenants, licenses and rights granted herein by UEI concerning Licensed Products made, used, sold, leased, imported or otherwise disposed of by or for the URC Parties prior to the Effective Date of this Agreement, URC and/or OHSUNG agree to pay to UEI a lump-sum of \$225,000 for alleged past infringements of the UEI Patents-in-Suit within five (5) days of the dismissal of the Lawsuit.

5.2 In consideration of the releases, covenants, licenses, and rights granted by UEI concerning Licensed Products made, used, sold or offered for sale by URC and CMT on or after the Effective Date of this Agreement, URC and/or OHSUNG agree to pay UEI a paid-up royalty of \$475,000 payable as follows:

<u>Date of Payment</u>	<u>Payment Amount</u>
October 1, 2005	\$225,000
October 1, 2006	\$125,000
October 1, 2007	\$125,000

Such payments shall be made regardless of whether the URC Parties make, use or sell or offer for sale any Licensed Product during the Term (as defined in Paragraph 7.1 below) of this Agreement and shall not be reduced in any way should any of the UEI Patents-in-Suit be declared invalid or unenforceable by a Court of competent jurisdiction.

Article 6.0 Taxes

6.1 All taxes of each party shall be borne by that party.

Article 7.0 Term

7.1 The term of this Agreement ("Term") shall continue until the expiration of the last of the UEI Patents-in-Suit to expire.

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