

APPENDIX B

TO DECLARATION OF
JENNIFER RAY CRANE

CROSSROADS NON-CONFIDENTIAL
LICENSE AGREEMENTS

Settlement and License Agreement

This Settlement and License Agreement (the "Agreement") sets forth the terms upon which Crossroads Systems, Inc., a Texas Corporation ("Crossroads") and Advanced Digital Information Corporation, a Washington corporation, and its majority owned subsidiaries including Pathlight Technology, Inc. ("Pathlight"), a Delaware corporation and a wholly-owned subsidiary of Advanced Digital Information Corporation (collectively, "ADIC"), agree to settle the litigation currently pending before the U.S. District Court of the Western District of Texas, Austin Division, captioned Crossroads Systems, (Texas), Inc. vs. Pathlight Technology, Inc. Civil Action No. A-00CA-248-SS (the "Patent Litigation"). This Agreement shall be effective as of the last execution date set forth below (the "Effective Date").

Background

Crossroads is the owner of all right, title and interest in and to the '972 Patent. On or about April 10, 1999, Crossroads filed a complaint in the Patent Litigation alleging the Accused Products infringe the '972 Patent and demanding judgment against Pathlight for such infringement. During the Patent Litigation, Advanced Digital Information Corporation acquired Pathlight. It is now the desire and intention of Crossroads and ADIC to settle and resolve all disputes, differences and claims which exist in the Patent Litigation. To that end, Crossroads grants ADIC a license under the '972 Patent to develop, manufacture, use, and sell Licensed Product(s) in exchange for a lump sum payment from ADIC and acknowledgement by ADIC of both the validity of the '972 Patent and infringement of the '972 Patent by the Accused Products.

In consideration of the mutual promises contained herein, and other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions

- 1.1 **"'972 Patent"** means (i) U.S. Patent No. 5,941,972 issued to Crossroads and (ii) for purposes of the license grant in Paragraph 3.1 only, any claims in a patent that issues from any continuation, divisional, reissue, reexamination or foreign counterpart applications of U.S. Patent No. 5,941,972 that are directed to a system, apparatus or method that provides connectivity between fibre channel and SCSI.
- 1.2 **"Accused Products"** mean any Pathlight SAN Router and Pathlight SAN Gateway products made, used, sold, or offered for sale or imported by Pathlight or ADIC.
- 1.3 **"Licensed Product(s)"** means any product, or part thereof, the manufacture, use, sale, offer for sale or import of which is or would be covered by any claim of the '972 Patent.
- 1.4 **"Past Damages Payment"** means the portion of the lump sum payment from ADIC to Crossroads that is allocated to the damages incurred by

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Crossroads based on Pathlight's infringement of the '972 Patent due to its manufacture, use, sale and/or import of the Accused Products. Past Damages shall be equal to five million dollars (\$5,000,000).

- 1.5 **"Pre-paid Royalties"** means the portion of the lump sum payment from ADIC to Crossroads that is allocated to an up-front royalty paid by ADIC to Crossroads in exchange for the license rights in the '972 Patent granted by Crossroads to ADIC under this Agreement. Pre-Paid Royalties shall be equal to ten million dollars (\$10,000,000).

2. Dismissal and Release

As soon as reasonably possible after receipt of the Lump Sum Payment pursuant to Paragraph 4 of this Agreement, counsel for Crossroads will cause to be filed with the U.S. District Court of the Western District of Texas, Austin Division a consent judgment that includes (i) a request for dismissal with prejudice all claims and counterclaims in the Patent Litigation lawsuit and (ii) an acknowledgement by ADIC that the Accused Products infringe the '972 Patent and that the '972 Patent is valid and enforceable. Crossroads does hereby release ADIC, including its customers, dealers, distributors (to the extent such customers, dealers and distributors use, sell or import ADIC products), from all past and future claims for infringement, including contributory infringement and inducement of infringement, of the '972 Patent.

3. License of '972 Patent

- 3.1 Upon receipt of payment pursuant to Paragraph 4 of this Agreement, Crossroads hereby grants and ADIC, including its customers, dealers, distributors (to the extent such customers, dealers and distributors use, sell or import ADIC products), hereby accepts a paid up, non-exclusive, non-sublicensable, perpetual license to and under the '972 Patent to make, use, sell, offer for sale and import Licensed Product(s).
- 3.2 ADIC agrees that the license granted in Paragraph 3.1 shall not restrict in any way Crossroads' use of the '972 Patent, or Crossroads' manufacture, use, sale, offering for sale or importation of any product, service, process, or method covered by the claims of the '972 Patent, for its own purposes or in collaboration with third parties.

4. Lump Sum Payment

In consideration for Crossroads' agreements set forth in this Agreement, including Paragraphs 2 and 3 above, ADIC will pay Crossroads the sum of fifteen million dollars (\$15,000,000) which represents the total of the Past Damages Payment and the Pre-paid

Royalties. This sum shall be paid to Crossroads in a lump sum amount, and shall be paid by wire transfer upon the execution of this Agreement to Crossroads' account as follows:

Chase Manhattan Bank, NYC, NY

ABA 021000021

FBO SalomonSmithBarney A/C 066-198038

for further credit to 781-06626-14-403

The parties acknowledge and agree that the release contained in Paragraph 2 and the license grant contained in Paragraph 3 shall only become effective upon completion and acknowledgement of the wire transfer of the Lump Sum Payment into the above-identified account.

5. Infringement by Others

- 5.1 ADIC shall have no right to institute any lawsuit or action against any third party based on actual or potential infringement of the '972 Patent.
- 5.2 Crossroads shall not be obligated to take any actions to prevent unauthorized use or infringement of the '972 Patent.

6. Publicity

ADIC and Crossroads will coordinate with respect to the timing of issuing their respective press releases announcing this settlement of the Patent Litigation so that such press releases are issued by each party at substantially the same time. Notwithstanding the foregoing, each party acknowledges and agrees that the other party may issue press releases and public announcements regarding the settlement of the Patent Litigation within twenty-four hours of the execution of the consent judgment by the court. The parties acknowledge and agree that any such press releases or public announcements shall not contain any information that is inconsistent with this Agreement or the consent judgment.

7. Acknowledgement of Infringement and Validity

ADIC and Pathlight each will and hereby does acknowledge that the Accused Products are within the claims and therefore infringed the '972 Patent prior to this Agreement. ADIC and Pathlight will and hereby does further acknowledge that the '972 Patent is valid and fully enforceable. ADIC stipulates to the consent judgment presented to the court by Crossroads in which ADIC (i) acknowledges the '972 Patent is valid and enforceable, and (ii) acknowledges that Accused Products infringe the '972 Patent.

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8. Negation of Warranties

8.1 Nothing in this Agreement is or shall be construed as:

8.1.1 A warranty or representation that anything made, used, sold, or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents, copyrights, or other rights of third parties;

8.1.2 An obligation to bring or prosecute actions or suits against third parties for infringement;

8.1.3 Granting by implication, estoppel, or otherwise any licenses or rights under patents or other rights of Crossroads or other persons other than under the '972 Patent, regardless of whether such patents or other rights are dominant or subordinate to the '972 Patent; or

8.1.4 An obligation to furnish any technology, technological information or other support.

8.2 Except as expressly set forth in this Agreement, CROSSROADS MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE LICENSED PRODUCT(S) WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER RIGHTS OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

8.3 NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES WHATSOEVER, WHETHER IN TORT, STRICT LIABILITY, CONTRACT OR OTHERWISE ARISING OUT OF THIS AGREEMENT. CROSSROADS SHALL NOT HAVE ANY RESPONSIBILITIES OR LIABILITIES WHATSOEVER WITH RESPECT TO THE LICENSED PRODUCTS.

9. Indemnity

ADIC agrees to indemnify, hold harmless, and defend Crossroads and its directors, officers, employees, and agents against any and all claims for death, illness, personal injury, property damage, and improper business practices arising out of the manufacture, use, sale, offer for sale or other disposition of any Licensed Product or other tangible or intangible covered by the '972 Patent by ADIC or any of its customers, dealers or distributors.

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