MMD 2/9/00

03-09-2000

101285134

FORM PTO-1594 RECORDATION FORM COVER SHEET

(Rev. 6-93)
OMB No. 0651-0011 (exp. 4/94)

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Tab settings ⇒ ⇒ ⇒

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

DIGITAL THEATER SYSTEMS, INC.
5171 Clareton Drive
Agoura Hills, CA 91301

☐ Individuals(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
■ Corporation-State **Delaware**
☐ Other _____

Additional name(s) of conveying party(ies) attached? ☐Yes ■No

2. Name and address of receiving party(ies)

IMPERIAL BANK, as agent

Internal Address:

Street Address: **9777 Wilshire Blvd., 4th Floor**

City: **Beverly Hills** State: **CA** ZIP: **90210**

☐ Individual(s) citizenship _____
☐ Association _____
☐ General Partnership _____
☐ Limited Partnership _____
■ Corporation-State **California**
☐Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No

(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? ☐ Yes ☐ No

3. Nature of conveyance:

☐ Assignment ☐ Merger
■ **Security Agreement** ☐ Change of Name
☐ Other _____

Execution Date: **December 24, 1999**

4. Application number(s):

A. Trademark Application No.(s)

ES (Serial No. 75-808,170)

B. Trademark Registration No.(s)

DTS (Reg. 2,164,805)

Additional numbers attached? ☐ No ■ Yes

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: **Tammy Long**
Buchalter, Nemer, Fields & Younger

Internal Address: _____

Street Address: **601 South Figueroa Street, 24th Floor**

City: **Los Angeles** State: **California** ZIP: **90017**

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41) $ 140.00

☐ Enclosed

☒ Authorized to be charged to deposit account

8. Deposit account number:

20-0052

(Attach duplicate copy of this page if paying by deposit account)

03/09/2000 DNGUYEN 00000050 200052 75808170

01 FC:481 40.00 CH
02 FC:482 100.00 CH

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of *my knowledge and belief*, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Christine E Wilson
Tammy Long
Name of Person Signing

Signature

Date: **February 7, 2000**

Total number of pages including cover sheet, attachments, and document: _____

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SCHEDULE B

REGISTERED TRADEMARKS

Trademark	Registration Date	Registration No.	Expiration Date
DTS	06-09-98	2,164,805	06-09-2008
DTS DIGITAL SURROUND AND DESIGN	06-16-98	2,166,630	11-21-2005

SCHEDULE B

PENDING TRADEMARKS

Trademark	Filing Date	Serial No.	Expiration Date
ES	09-24-99	75-808,170	10 years from registration
DTS DIGITAL OUT AND DESIGN	03-15-99	75-659,965	10 years from registration
EXTENDED SURROUND	02-26-99	75-650,147	10 years from registration

PATENT AND TRADEMARK SECURITY AGREEMENT
(Digital Theater Systems, Inc.)

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (as may be amended from time to time, this "Agreement"), dated as of December 24, 1999, is entered into between DIGITAL THEATER SYSTEMS, INC., a Delaware corporation ("Debtor"), and IMPERIAL BANK, a California banking corporation ("Secured Party"), with reference to the following facts:

RECITALS

A. Debtor and DTS Consumer Products, Inc., a Delaware corporation (collectively, "Borrowers") and Secured Party have previously entered into a Revolving Credit Agreement, dated as of October 27, 1997 (as amended to date and as may be further amended or restated from time to time, the "Loan Agreement"), pursuant to which Secured Party extended certain financial accommodations to Borrowers.

B. In order to induce Secured Party to continue to extend certain financial accommodations pursuant to the Loan Agreement and in consideration thereof, Debtor has agreed to execute and deliver to Secured Party this Agreement, securing the payment of performance of the Obligations of Borrowers under the Loan Agreement.

NOW THEREFORE, in consideration of the mutual promises, covenants, conditions, representations, and warranties hereinafter set forth and for other good an valuable consideration, the parties hereto mutually agree as follows:

AGREEMENT

1. Definitions and Construction.

(a) Definitions. All initially capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement. In addition, the following terms, as used in this Agreement, have the following meanings:

"Code" means the California Uniform Commercial Code, as amended and supplemented from time to time, and any successor statute.

"Collateral" means:

(i) Each of the trademarks and rights and interests which are capable of being protected as trademarks (including trademarks, service marks, designs, logos, indicia, trade names, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers and applications pertaining thereto), which are presently, or in the future may be, owned, created, acquired, or used (whether pursuant to a license

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or otherwise) by Debtor, in whole or in part, and all trademark rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and rights to renew and extend such trademarks and trademark rights;

(ii) Each of the patents and patent applications which are presently, or in the future may be, owned, issued, acquired, or used (whether pursuant to a license or otherwise) by Debtor, in whole or in part, and all patent rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), foreign filing rights, and rights to extend such patents and patent rights;

(iii) All of Debtor's right, title, and interest, in and to the United States patents and patent applications listed on Schedule A, attached hereto, as the same may be updated hereafter from time to time;

(iv) All of Debtor's right, title, and interest, in and to the United States trademarks and trademark registrations listed on Schedule B, attached hereto, as the same may be updated hereafter from time to time;

(v) All of Debtor's right, title and interest, in all patentable inventions, and to file applications for patents under federal patent law or regulation of any foreign country, and to request re-examination and/or re-issue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of Debtor or in the name of Secured Party for past, present, and future infringements of the patents, and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(vi) All of Debtor's right, title and interest to register trademark claims under any state or federal trademark law or regulation of any foreign country and to apply for, renew, and extend the trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of Debtor or in the name of Secured Party for past, present, and future infringements of the trademarks, registrations, or trademark rights and all rights (but not obligations) corresponding thereto in the United States and any foreign country, and the associated goodwill;

(vii) All general intangibles relating to the foregoing; and

(viii) All proceeds of any and all of the foregoing (including, without limitation, license royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guaranty payable by reason of loss or damage to or otherwise with respect to the Collateral.

"Debtor" shall have the meaning set forth in the introduction hereto.

"Event of Default" shall have the meaning set forth in Section 11 herein.

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"Loan Agreement" shall have the meaning given to such term in Recital A hereof.

"Secured Obligations" means the "Obligations" as defined in the Loan Agreement and the obligations of Debtor hereunder.

"Secured Party" shall have the meaning set forth in the introduction hereto.

(b) Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement. Any initially capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreement. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Secured Party or Debtor, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by Debtor, Secured Party, and their respective counsel, and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of Secured Party and Debtor.

2. Grant of Security Interest. Debtor hereby grants to Secured Party a first-priority security interest in all of Debtor's right, title, and interest in and to the Collateral to secure the Secured Obligations.

3. Further Assurances.

(a) Debtor agrees that from time to time, at the expense of Debtor, Debtor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, encumbrances and restrictions permitted hereunder, promptly make, execute, acknowledge and deliver, and file and record in the proper filing and recording places (but with respect to foreign patents and trademarks, Debtor shall solely be required to use its best efforts, consistent with reasonable business judgment, to do the same), all instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Debtor will: (i) at the request of Secured Party, mark conspicuously each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to Secured Party, indicating that such Collateral is subject to the security interest granted hereby; (ii) execute and file such financing or continuation statements, or amendments thereto, and such other instrument or notices, as may be necessary or desirable, or as Secured Party may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby; (iii) at any reasonable time during normal business hours, upon demand (and, unless an Event of Default is occurring, upon prior notice) by Secured Party, allow inspection of the Collateral by Secured Party, or persons designated by Secured Party; and

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(iv) appear in and defend any action or proceeding that may affect Debtor's title to or Secured Party's security interest in the Collateral.

(b) Debtor will furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request.

4. Representations, Warranties and Covenants. Debtor hereby represents and warrants that on the Closing Date and thereafter on the date of each and every Borrowing, and covenants that:

(a) a true and complete schedule setting forth all United States patent and patent applications owned or controlled by Debtor or licensed to Debtor, together with a summary description or title and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule A (as such Schedule is amended from time to time as contemplated by Section 5);

(b) a true and complete schedule setting forth all United States federal and state trademark registrations owned or controlled by Debtor or licensed to Debtor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule B (as such Schedule is amended from time to time as contemplated by Section 5);

(c) other than license agreements entered into in the ordinary course of business, a true and complete schedule setting forth all of Debtor's licenses and similar agreements to use the Collateral or any portion thereof on the Closing Date, together with a summary description of each such license or other agreement and the name of the licensee, is set forth on Schedule C (as such Schedule is amended from time to time as contemplated by Section 5);

(d) except as would not materially impair the value of the Collateral taken as a whole, to Debtor's knowledge each of the patents, trademarks, and trademark registrations is valid and enforceable, and Debtor is not presently aware of any past, present, or prospective claim by any third party that any of the patents or trademarks are invalid or unenforceable, or that the use of any of the patents or trademarks violates the rights of any third person, or of any basis for any such claims (other than as set forth in the Settlement Agreement);

(e) except as would not materially impair the value of the Collateral taken as a whole (other than as set forth in the Settlement Agreement), Debtor is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to each of the patents, patent applications, trademarks, and trademark registrations, free and clear of any liens, charges, and encumbrances, including pledges, assignments, licenses, shop rights, and covenants by Debtor not to sue third Persons; provided, however, notwithstanding the foregoing, upon ten (10) days' prior written notice to Bank, Debtor shall be permitted to transfer or assign any or all of the Collateral to any wholly-owned Subsidiary so long as such Subsidiary first executes and delivers to Bank a Patent and Trademark Security Agreement covering such Collateral in the form of this Agreement, together

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with such other agreements, instruments and documents as Bank shall reasonably request with respect thereto in order to maintain Bank's perfected security interest therein, all of the foregoing in form and substance satisfactory to Bank.

(f) Debtor has used and will continue to use its reasonable efforts to give proper statutory notice in connection with its use of each of the patents and trademarks;

(g) Debtor has used and will continue to use consistent standards of high quality (which may be consistent with Debtor's past practices) in the manufacture, sale, and delivery of products and services sold or delivered under or in connection with the patents and trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the patents and trademarks which are necessary to the conduct of its business; and

(h) except for the filing of a financing statement with the Secretary of State of California and filings with the United States Patent and Trademark Office necessary to perfect the security interests created hereunder, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by Debtor of the security interest hereunder or for the execution, delivery, or performance of this Agreement by Debtor or for the perfection of or the exercise by Secured Party of its rights hereunder to the Collateral in the United States.

5. After-Acquired Patent or Trademark Rights.

(a) If Debtor shall obtain rights to any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, divisional, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Debtor shall give prompt notice in writing to Secured Party with respect to any such new United States patents, and shall promptly deliver to Secured Party an amended Schedule A. Debtor shall bear any expenses incurred in connection with any future patent applications.

(b) If Debtor shall obtain rights to any new United States trademarks, the provisions of this Agreement shall automatically apply thereto. Debtor shall give prompt notice in writing to Secured Party with respect to any such new United States trademarks or renewal or extension of any trademark registration, and shall promptly deliver to Secured Party an amended Schedule B. Debtor shall bear any expenses incurred in connection with future applications for trademark registration.

6. Indemnification. Debtor hereby agrees to indemnify and hold harmless Secured Party from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable attorneys' fees and reasonable attorneys' fees incurred pursuant to the Bankruptcy Code) of any kind whatsoever that may be imposed on, incurred by or asserted against Secured Party in connection with, or in any way arising out of, any such suits, proceedings or other action concerning, or the defense of, any such suits, proceedings or other actions, whether that claim is made by Debtor or any other person, and for any damages and lost

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profits that may be awarded as a consequence of any such suits, proceedings or other actions, in which, with respect to all of the above, an allegation of the liability, strict or otherwise, of Debtor is or may be made by any person who alleges or may allege having suffered damages as a consequence of alleged improper, imprudent, reckless, negligent, willful, faulty, defective or substandard design, testing, specification, manufacturing supervision, manufacturing defect, manufacturing deficiency, publicity or advertisement, or improper use, howsoever arising or by whomsoever caused, or an inventions disclosed and claimed in the patents.

7. Litigation and Proceedings. Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings, or other action for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Debtor shall provide to Secured Party any information with respect thereto requested by Secured Party. Secured Party shall provide at Debtor's expense all necessary cooperation in connection with any such suits, proceedings, or action, including, without limitation, joining as a necessary party. Except as would not cause a material impairment of the value of the Collateral taken as a whole, following Debtor's becoming aware thereof, Debtor shall notify Secured Party of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state, or foreign court regarding Debtor's claim of ownership in any of the patents or trademarks, its right to apply for the same, or its right to keep and maintain such patent or trademark rights.

8. Power of Attorney. Debtor irrevocably grants Secured Party power of attorney, coupled with an interest, having the full authority, and in the place of Debtor and in the name of Debtor, from time to time following an Event of Default in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this agreement, including, without limitation, as may be subject to the provisions of this Agreement:

(a) to endorse Debtor's name on all applications, documents, papers, and instruments necessary for Secured Party to use or maintain the Collateral;

(b) to ask, demand, collect, sue for, recover, impound, receive, and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral;

(c) to file any claims or take any action or institute any proceedings that Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce Secured Party's rights with respect to any of the Collateral and to assign, pledge, convey, or otherwise transfer title in or dispose of the Collateral to any person; and

(d) to file any such application, instrument or document as may be required by the United States Patent and Trademark Office in order to transfer the Collateral into the name of the Secured Party or Secured Party's nominee.

9. Right to Inspect. Debtor grants to Secured Party and its employees and agents the right to visit Debtor's plants and facilities which manufacture, inspect, or store products sold

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under any of the patents or trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business upon demand, and, unless an Event of Default has occurred and is continuing, upon prior notice.

10. Appraisals. After an Event of Default, upon the request of Secured Party, Debtor shall deliver to Secured Party an appraisal, issued by an appraiser of Secured Party's choice, of the domestic and international patents, patent applications, trademarks and trademark registrations and applications for all of the above. Debtor shall disclose to the appraiser all information concerning such items as requested by the appraiser and all other information known to Debtor that would have an effect on the value of any such items.

11. Events of Default. An Event of Default as defined in the Loan Agreement shall be an "Event of Default" hereunder.

12. Specific Remedies. Upon the occurrence of any Event of Default, Secured Party shall have, in addition to, other rights given by law or in this Agreement, the Loan Agreement, or in any other agreement or document entered into in connection herewith or therewith, all of the rights and remedies with respect to the Collateral of a secured party under the Code, including the following:

(a) Secured Party may notify Borrowers or other licensees of the Collateral to make royalty payments on such license agreements directly to Secured Party;

(b) Subject to the rights of Debtor's licensees, Secured Party may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Secured Party deems advisable. Debtor shall file any such application, instrument or document as may be required by the United States Patent and Trademark Office in order to transfer the Collateral into the name of the Secured Party or Secured Party's nominee. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Debtor five (5) days prior to such disposition. Debtor shall be credited with the net proceeds of such sale only when they are actually received by Secured Party, and Debtor shall continue to be liable for any deficiency remaining after the Collateral is sold or collected. If the sale is to be a public sale, Secured Party shall also give notice of the time and place by publishing a notice one time at least five (5) days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held; and

(c) Secured Party may be the purchaser of any or all of the Collateral and associated goodwill at any public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply all or any part of the Secured Obligations as a credit on account of the purchase price of any collateral payable by Secured Party at such sale.

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13. General Provisions.

13.1 Cumulative Remedies; No Prior Recourse to Collateral. The enumeration herein of Secured Party's rights and remedies is not intended to be exclusive, and such rights and remedies are in addition to and not by way of limitation of any other rights or remedies that the Secured Party may have under the Loan Agreement, the Loan Documents, the Code, or other applicable law. Secured Party shall have the right, in its sole discretion, to determine which rights and remedies are to be exercised and in which order. The exercise of one right or remedy shall not preclude the exercise of any others, all of which shall be cumulative.

13.2 No Implied Waivers. No act, failure, or delay by Secured Party shall constitute a waiver of any of its rights and remedies. No single or partial waiver by Secured Party of any provision of this Agreement or any other Loan Document, or of a breach or default hereunder or thereunder, or of any right or remedy which the Secured Party may have, shall operate as a waiver of any other provision, breach, default, right, or remedy or of the same provision, breach, default, right, or remedy on a future occasion. No waiver by Secured Party shall affect its rights to require strict performance of this Agreement.

13.3 Notices. All notices or demands by any party hereto to the other party and relating to this Agreement shall be sent in accordance with the terms of Section 9.1 of the Loan Agreement.

13.4 Successors and Assigns. This Agreement shall bind the successors and assigns of Debtor, and shall inure to the benefit of the successors and assigns of Secured Party; provided, however, that Debtor may not assign this Agreement nor delegate any of its duties hereunder without Secured Party's prior written consent and any prohibited assignment shall be absolutely void. Secured Party may assign this Agreement and its rights and duties hereunder and no consent or approval by Debtor is required in connection with any such assignment. Secured Party reserves the right to sell, assign, transfer, negotiate, or grant participations in all or any part of, or any interest in Secured Party's rights and benefits hereunder. In connection with any such assignment or participation, Secured Party may disclose all documents and information which Secured Party now or hereafter may have relating to Debtor or Debtor's business to any prospective or actual Transferee, subject to the terms of Section 9.5(e) of the Loan Agreement.

13.5 Exhibits and Schedules. All of the exhibits and schedules attached hereto shall be deemed incorporated by reference.

13.6 No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Debtor or Secured Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

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13.7 Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each section applies equally to this entire Agreement.

13.8 Severability of Provisions. If any provision of this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, that provision shall not affect the validity, legality or enforceability of any other provision of this Agreement.

13.9 Entire Agreement; Amendments and Waivers. This Agreement constitutes the entire agreement between Debtor and Secured Party pertaining to the subject matter contained herein. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the party asserted to be bound thereby, and then such amendment or waiver shall be effective only in the specific instance and specific purpose for which given.

13.10 Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver a manually executed counterpart of this Agreement but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

13.11 Termination By Secured Party. After termination of the Loan Agreement and when Secured Party has received payment and performance, in full, of the Secured Obligations, Secured Party shall execute and deliver to Debtor a termination of all of the security interests granted by Debtor hereunder.

14. Governing Law; Judicial Reference.

14.1 Governing Law. This Agreement shall be deemed to have been made in the State of California and the validity, construction, interpretation, and enforcement hereof, and the rights of the parties hereto, shall be determined under, governed by, and construed in accordance with the internal laws of the State of California, without regard to principles of conflicts of law.

14.2 Judicial Reference.

(a) Other than (i) nonjudicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this Agreement, which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to this Agreement

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gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where the Real Property, if any, is located or Los Angeles County if none (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection shall take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one peremptory challenge pursuant to CCP §170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the date of selection of the referee and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Subject to the provisions of Section 15.2(c), any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP §644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary and/or provisional remedies, as appropriate.

(b) Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(c) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the

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reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to request findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(d) In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

[remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

"Debtor"

DIGITAL THEATER SYSTEMS, INC.,
a Delaware corporation

By: _____
Jon Kirchner, Executive Vice President - Operations

"Secured Party"

IMPERIAL BANK,
a California banking corporation

By: _____
Patrick Jack Lee, Vice President

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REEL: 002039 FRAME: 0888

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

"Debtor"

DIGITAL THEATER SYSTEMS, INC.,
a Delaware corporation

By:_____
Jon Kirchner, Executive Vice President - Operations

"Secured Party"

IMPERIAL BANK,
a California banking corporation

By:_____
Patrick Jack Lee, Vice President

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SCHEDULE A

U.S. PATENTS

Patent Description	Issue Date	Patent No.	Expiration Date
MOTION PICTURE DIGITAL SOUND SYSTEM AND METHOD	05-12-98	5,751,398	09-28-2015
MULTI-CHANNEL PREDICTIVE SUBBAND AUDIO CODER USING PSYCHOACOUSTIC ADAPTIVE BIT ALLOCATION IN FREQUENCY, TIME AND OVER THE MULTIPLE CHANNELS	09-21-99	5,956,674	05-02-2016
MULTI-CHANNEL AUDIO DECODER	10-26-99	5,974,380	12-16-2017
DIGITALLY ENCODED MACHINE READABLE STORAGE MEDIA USING ADAPTIVE BIT ALLOCATION IN FREQUENCY, TIME AND OVER MULTIPLE CHANNELS	11-02-99	5,978,762	05-28-2018
METHOD AND APPARATUS FOR MULTIPLEXED ENCODING OF DIGITAL AUDIO INFORMATION ONTO A DIGITAL STORAGE MEDIUM	9-19-95	5,451,942	02-04-2014

SCHEDULE A

PENDING U.S. PATENTS

Patent	Date of Application	Ref. No.	Expiration Date
MULTI-CHANNEL AUDIO ENCODER	11-04-98	09/186,234	11-04-2018
MOTION PICTURE CAPTION PROJECTION SYNCHRONIZATION WITH PICTURE PROJECTION MOTION PICTURE SUBTITLE METHOD AND APPARATUS	03-05-99	09/263,655	03-05-2019
IMPROVING SOUND QUALITY OF ESTABLISHED LOW BIT-RATE AUDIO COATING SYSTEM WITHOUT LOSS OF DECODER COMPATIBILITY	06-21-99	09/337,405	06-21-2019
SYSTEM AND METHOD FOR PROVIDING INTERACTIVE AUDIO IN A MULTI-CHANNEL AUDIO ENVIRONMENT	11-02-99	09/432,719	11-02-2019

SCHEDULE B

REGISTERED TRADEMARKS

Trademark	Registration Date	Registration No.	Expiration Date
DTS	06-09-98	2,164,805	06-09-2008
DTS DIGITAL SURROUND AND DESIGN	06-16-98	2,166,630	11-21-2005

SCHEDULE B

PENDING TRADEMARKS

Trademark	Filing Date	Serial No.	Expiration Date
ES	09-24-99	75-808,170	10 years from registration
DTS DIGITAL OUT AND DESIGN	03-15-99	75-659,965	10 years from registration
EXTENDED SURROUND	02-26-99	75-650,147	10 years from registration

SCHEDULE C

LICENSES

Title	Description	Licensee

TRADEMARK

RECORDED: 02/09/2000

REEL: 002039 FRAME: 0894