

CO-INVENTOR AGREEMENT

This is Co-Inventor Agreement ("Agreement"), is made this 26th day of October, 1998 by and between Todd S. Glassey an individual, and Michael E. McNeil an individual, together herein "Glassey-McNeil", whose mailing address is 109A Bluebonnet Lane, Scotts Valley, CA 95066 and Digital Delivery, Inc., a Massachusetts corporation, having a place of business at 54 Middlesex Turnpike, Bedford, Massachusetts 01730-1417 ("Digital"). This Agreement is made with reference to the facts in the following recitals:

RECITALS

A. Digital is the holder of U.S. Patent Number 5,646,992 for certain data and file protection and encryption technology, described further as encryption and decryption technology employing the use of passwords to control access to stored information on various distribution media. The product produced by Digital under this patent is generally referred to as the Confidential Courier, which is described in non-technical terms as a transmittal envelope which can be opened only by specifically designated persons having the encoded passwords. This patent was issued to Digital on July 8, 1997 (the "Courier Patent").

B. Digital employees Thomas Mark Hastings and Gerald L. Willett, along with Glassey-McNeil have further developed the Courier Patent technology to expand its identification and verification enablement policies by adding the new technology of geo-positioning and time/date encryption with respect to data and file storage and access. It is the intent of Digital to file for a patent on this new technology to the Courier Patent by means of a subsequent patent entitled "Controlling Access to Stored Information" which incorporates the Courier Patent, and is referred to herein as the "Controlling Access Patent".

C. During the course of the development of the technology for the Controlling Access Patent by the parties, it was discussed and agreed in principal that Digital would undertake the submission of the Controlling Access Patent application and that Glassey-McNeil would assign certain rights under the patent with respect to the underlying Courier Patent, provided that certain terms and conditions regarding the mutual rights and exclusive rights to the geo-positioning and time/date encryption policies in the Controlling Access Patent were defined and determined, and that adequate compensation from Digital to Glassey-McNeil was agreed.

D. The purpose of this Agreement is to allow the Controlling Access Patent application to be submitted as early as possible and prior to a definitive agreement between the parties with respect to each party's rights to exploit the Controlling Access Patent, the respective mutual and exclusive rights to the underlying or derivative technology, methodology, or other patentable subject matter contained or referenced in

the Controlling Access Patent, and the compensation to be paid by Digital to Glassey-McNeil for assignment of certain rights therein to Digital.

In consideration of the foregoing facts and recitals, the mutual covenants and undertakings contained therein and herein, the parties agree as follows:

1. PATENT APPLICATION TECHNOLOGY

For purposes of this Agreement, the term:

A. "Confidential Courier" means that technology developed by Digital under the Courier Patent which is embodied in the product produced and sold by Digital under the name Confidential Courier, which contains certain encryption and decryption technology to control and limit access to the information and data contained in specific files.

B. Geo-positioning and time/date technology means the enablement policy which allows data or an event to be pinpointed to occur at a certain time and physical place.

C. GPS Phase II means that geo-positioning and time/date enablement technology invented and developed by Glassey-McNeil that specifically includes a cryptographic signing and verification process with the transmittal of time and geographic positioning information that allows a legally indemnifiable degree of trust to be established in the time and geographic positioning information thus conveyed.

2. AGREEMENT IN PRINCIPLE

The parties are entering this Agreement to set forth certain terms and conditions with respect to the mutual and exclusive rights of each party to the Controlling Access Patent. Although Digital developed, produces and sells the Confidential Courier, which embodies the Courier Patent, there is no prototype nor product yet developed utilizing the new technology of geo-positioning and time/date policies to be patented under the Controlling Access Patent. In view of the uncertainties relative to the cost of developing a product under the Controlling Access Patent and the market potential of such a product, the parties have insufficient information to agree on the compensation to be paid by Digital to Glassey-McNeil for their ideas, inventions, proprietary information and contributions to the Controlling Access Patent.

It is intended that, within one year from the date hereof, a definitive agreement between the parties will be made with respect to this compensation and the mutual and exclusive rights to the Controlling Access Patent. Provided that said compensation can be negotiated by the parties or established by binding arbitration as provided herein, the definitive agreement will include the following terms and conditions:

A. Digital acknowledges that the GPS Phase II technology is solely and exclusively the idea and invention of Glassey-McNeil. Notwithstanding, Digital shall have the rights to utilize the GPS Phase II technology but limited to the Confidential Courier product and product derivatives thereof; and Digital grants to Glassey-McNeil

a perpetual non-exclusive worldwide license for the GPS Phase II technology and derivatives thereof, with rights to sublicense.

B. Glassey-McNeil shall have no rights to any part of the Courier Patent, or to the claims regarding the Courier Patent which are incorporated in the Controlling Access Patent or to the Confidential Courier product now produced by Digital.

C. Digital shall not file any opposition in the United States Patent and Trademark Office or patent offices of any other country, or take any action adverse to the filing of a patent application by Glassey-McNeil for any geo-positioning and time/date technology or technology implementing GPS Phase II, including potential patentable subject matter or products e.g., firewalls, email gateways, protocol bridges, database servers, file servers, hardware based appliances, and the like.

D. Digital shall begin and continue the development of products which shall embody the technology of the Controlling Access Patent in order to enhance or compliment the existing Confidential Courier Product as well as new products exploiting the Controlling Access Patent which are to be sold and distributed by Digital.

E. Glassey-McNeil may develop products which utilize the geo-positioning and/or time/date enablement or GPS Phase II technology, provided that any such products do not include the technology infrastructure covered by the Courier Patent.

Provided that a definitive agreement is negotiated and made by the parties which incorporates the foregoing terms, conditions, covenants, licenses, and compensation to Glassey-McNeil, Glassey-McNeil will execute assignments to Digital with respect to the Controlling Access Patent.

3. FAILURE TO MAKE DEFINITIVE AGREEMENT

A. The parties expressly agree that each of them will negotiate in good faith the terms of a definitive agreement, in light of the provisions in Section 2 above, regarding the patent rights to the Controlling Access Patent and the compensation to be paid by Digital to Glassey-McNeil for the assignment of rights therein as named co-inventors on the Controlling Access Patent application. The parties expressly agree that if they are unable or fail to make a definitive agreement before the anniversary date hereof, then each party shall have all rights as a co-inventor to fully exploit the Controlling Access Patent without accounting or control by the other.

B. If after the one year anniversary hereof, the parties are unable to make a definitive agreement as provided herein, then upon the written request of either party to the other the unresolved issues, terms and conditions will be submitted (i) first to mediation conducted by a qualified mediator, mutually selected by the parties, who has expertise in patent matters and practicable expertise in the commercial encryption industry; and (ii) if mediation does not result in a definitive agreement, then upon written request upon one party to the other, the parties shall submit all unresolved issues to mandatory binding arbitration. The issues will be submitted in writing to the arbitrator,

who shall be mutually selected by the parties, or if the parties are unable to select a single arbitrator, then each party, viz., Digital and Glassey-McNeil shall each select an arbitrator who shall then select a third arbitrator to create an arbitration panel consisting of those three arbitrators. If for any reason the first selected arbitrators cannot agree on a third arbitrator, they may apply to the superior court of Santa Cruz County, California for the name of a qualified neutral third arbitrator. The three arbitrators shall hear all the evidence, and a majority vote of the arbitrators shall make all decisions, determinations and awards in the matters before them.

It is contemplated by the parties that the fundamental issue to be decided by this mandatory arbitration is the amount and structure of the compensation to be paid to Glassey-McNeil for their contribution to the Controlling Access Patent in full respect of the terms set forth in the "AGREEMENT IN PRINCIPLE" in Section 2 hereof. In determining such compensation, the arbitrator(s) shall take into consideration the value of the patent rights to Digital by Glassey-McNeil; the cost of Digital's product development incurred by the parties; the contributions of the parties to Digital's product development; the domestic and international market potential of Digital's new products to be produced under the Controlling Access Patent, including the market potential of the Confidential Courier enhanced by the addition of new features and improvements from the geo-positioning and/or time/date technology in the Controlling Access Patent; the established and potential profitability, commercial success and current or potential popularity of such product(s); the rightful apportionment of profit among the inventors; nonpatented aspects or elements of such product(s), including the costs of manufacturing, business risks.

Any mandatory binding arbitration of matters under this section 3, or consensual arbitration of other matters arising out of this Agreement, shall be conducted by and in accordance with then existing arbitration rules of the American Arbitration Association respecting the computer and electronic commerce industry. Judgment on a binding arbitration award rendered by such arbitrator(s) may be entered in any court having jurisdiction. The parties shall each pay one half of all costs and expenses for the services of any mediator and/or arbitrator(s).

4. DEFAULT IN COMPENSATION

If, after the compensation to be paid by Digital to Glassey-McNeil for their contributions to the technological inventions under the Controlling Access Patent is established by an agreement made by the parties or through a determination from binding arbitration, Digital defaults in the payment terms thereof for any reason, then all rights, i.e. patent, trade secret, etc., to the inventions and technology covered under the Controlling Access Patent, which includes the Confidential Courier, shall revert to Glassey-McNeil as Co-inventors along with Digital. In such event, and each party shall have all right to exploit said inventions and technology without any notice, obligation or accounting to the other. Notwithstanding, the parties shall each execute and deliver such further documents and shall take such other actions as may be reasonably necessary to effect this reversion of rights.

5. NONASSIGNABILITY

The parties hereto have entered into this agreement in contemplation of personal performance hereof by each other and intend that the rights granted and obligations imposed hereunder not be extended to other entities without the other party's express written consent, except that Glassey-McNeil may transfer their interests herein to a corporation whose majority of voting shares are owned and controlled by them. This Agreement shall be binding and shall inure to the benefit of the parties and to their heirs, successors, and assigns.

6. NOTICES

Notices under this Agreement shall be in writing and sent to the parties at the addresses first above written, or to such other addresses as the parties may designate to the other in writing.

7. ATTORNEY FEES

In the event that either party must take legal action, including arbitration, but except for arbitration employed to determine the compensation referenced in Section 3 herein, to enforce or interpret this agreement, or any provision hereof, the prevailing party shall be entitled to recover its reasonable attorney fees and costs as determined by the Court or arbitrator.

8. INTEGRATION

This agreement, any exhibits hereto, set forth the entire agreement and understanding between the parties as to the subject matter hereof and merges all prior discussions between them. Neither of the parties shall be bound by any agreements, understandings or representations with respect to such subject matter other than as expressly provided herein or in a subsequent writing signed by the parties hereto.

9. SEVERABILITY

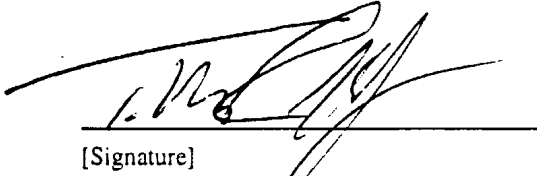
Nothing in this Agreement shall be interpreted or construed as "an agreement to agree" such that this Agreement would be rendered unenforceable. Accordingly, any provision of this Agreement prohibited by, or unlawful or unenforceable, under any applicable law of any jurisdiction, shall be ineffective, without affecting any other provision of this Agreement. To the extent, however, that the provisions of such applicable law may be waived, they are hereby waived to the end that this Agreement may be deemed to be a valid and binding agreement enforceable in accordance with its terms.

10. LAW

This agreement will be governed and interpreted by the laws and courts of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

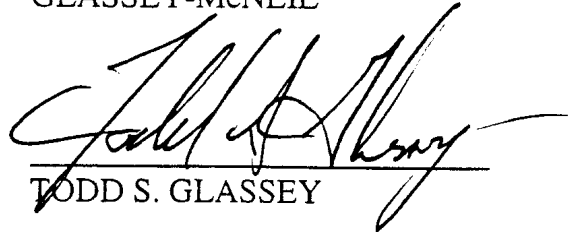
DIGITAL DELIVERY



[Signature]

Tomack Hastings President
[Please Print Name/Title]

GLASSEY-McNEIL



TODD S. GLASSEY

Michael McNeil
MICHAEL E. McNEIL