

Policy for software Right-To-Use licensing for Nortel Networks North American DMS and Succession product portfolios

Customer summary

This document explains the Nortel Networks software Right-to-Use (RTU) policy as applied to both DMS and Succession products and describes the implementation of the policy for the North American product families. We will continue to leverage a software RTU license structure to protect and recoup the value of both DMS and Succession Intellectual Property Rights (IPR). As we move further toward operation in a non-proprietary, open network environment with a variety of third-party, industry-standard equipment, this RTU structure allows us to ensure high-quality product performance while meeting customer demands for vendor flexibility.

Nortel Networks retains intellectual property rights, including ownership, for all system and application software (“Software”) for the DMS and Succession family of switches and peripherals (“Products”). When a customer initially procures these Products from Nortel Networks, they are granted a non-assignable Right-to-Use (“RTU”) license for the Software that generally cannot be transferred without Nortel Networks express written consent. At the time of sale, the fee charged by Nortel Networks for the Products and Software RTU license is based on the customer’s authorized usage level in the Software.

In order to maintain its intellectual property rights (IPR) in the Software, Nortel Networks must limit the distribution of the Software. Nortel Networks Software RTU licenses are protected under United States and other national law. Accordingly, operation of Nortel Networks Products without proper software RTU licenses is a violation of Nortel Networks intellectual property rights. Additionally, operation of Nortel Networks Products and Software inconsistent with their authorized usage levels in the Software is a violation of the Software license and Nortel Networks IPR. Operation of a network in violation of the Software RTU will void certain warranties and negatively impact the availability of Nortel Networks Product support.

Nortel Networks is deploying into its base switch software a Software RTU monitoring and control capability by use of Software Optionality Control (SOC) codes. The purpose of these SOC codes is to protect Nortel Networks IPR in its software by ensuring all software usage on DMS and Succession peripherals is within authorized usage levels. Once the SOC codes are deployed, additional peripherals can be added to the switch system only after the software RTUs are verified for the new usage level of the software. Nortel Networks will issue passwords for the SOC codes once Software RTUs are verified.

Purchasers of Nortel Networks secondary market equipment should also be aware that Nortel Networks will not sell any service and support for such equipment without first certifying the equipment to ensure that it has been maintained in accordance with appropriate standards.

Operators of DMS and/or Succession equipment from the DMS and Succession family product lines, which was not purchased directly from Nortel Networks, may be doing so without proper software RTU licenses and should immediately contact Nortel Networks for assistance. To obtain quotes for software RTU licenses and equipment certification, or if you have questions regarding this policy, please contact your Nortel Networks account manager or Wayne Higgins at (972) 684-7446 or via e-mail at higginsw@nortelnetworks.com.

Purpose

With the introduction of the Succession Voice over IP (VoIP) portfolio, Nortel Networks implemented a software Right-to-Use (RTU) license structure and monitoring capability to accommodate operation in a non-proprietary, open network environment with a variety of third-party, industry-standard equipment. This RTU structure allows us to protect our softswitch Intellectual Property Rights (IPR), ensure high-quality product performance, and meet customer demands for vendor flexibility. At this time, we are also using the Succession software RTU monitoring capability to extend the RTU monitoring capability of the DMS family of products.

While we have historically been the sole supplier of DMS systems and been able to control quality and performance through DMS network engineering, VoIP modernization will increase the DMS equipment available through secondary market vendors. DMS equipment sold through any channel must meet the same high quality and performance expectations associated with the DMS brand and the software RTU policy is an important component in maintaining the brand quality.

A significant value of DMS and Succession core switch or peripheral resides in the intellectual property associated with related system and feature software. This software is copyrighted and is a trade secret of Nortel Networks and is protected under United States and other national law. In all cases, including when Nortel Networks has agreed to the transfer of software licenses, Nortel Networks retains all ownership of the software. When providing a Right-to-Use (RTU) license, Nortel Networks is enabling operation of a specific DMS

and Succession core switch and/or peripheral(s) limited to the specific purchaser and the specific hardware being purchased at the authorized usage level for the software.

There are several classes of software licenses for the DMS and Succession switch families, including core, peripherals, switch administration and maintenance software, base features software, and optional feature software. Except where Nortel Networks has specifically granted privileges under the applicable contract, the software RTU licenses for the DMS and Succession family of switches are not transferable as part of a secondary market hardware sale. In all cases, the operator must possess a written license or transfer approval from Nortel Networks prior to operation of the software.

The policies governing the grant of RTU licenses to new hardware owners are explained below.

Definitions

Software license—The legal agreement that sets the terms and conditions under which the owner of the software allows another party to use the software.

Right-to-Use license—Right-to-Use licenses are the specific permissions granted to another party to use licensed software on particular hardware and/or for a restricted number of users.

Right-to-Use license transfer—The process whereby Nortel Networks grants written consent to the original purchaser of a Right-to-Use license to transfer that license to a secondary purchaser. Any subsequent transfers of this license also require written consent from Nortel Networks.

Certification—A process of evaluation and/or testing conducted by Nortel Networks or its assigned contractors to verify certain aspects of product conformance. Items that may be evaluated include but are not limited to proper software licensing, hardware revision level, proper installation, grounding, and operation readiness.

Full frame—Equipment containing a full complement of modules.

Partial frame—A partial frame is a subset of the full frame equipment where some of the modules are not installed.

General policies for grant of Right-to-Use license

RTU software license fees may apply to several areas of intellectual property owned by Nortel Networks, including core operating software, peripheral software loads, switch administration and maintenance software, base features software, and optional feature software. This RTU license, along with equipment certification, ensures current hardware and software baseline levels for covered equipment and provides access to full Nortel Networks customer service and technical support (standard post-warranty fees will apply). If a contract does not already exist with the beneficiary of the RTU license grant, one will be created for each necessary RTU license to outline Nortel Networks ongoing support relationship and the user's rights and obligations under the RTU license. Under no circumstances will subsequent transfers of the same RTU be allowed without express written consent from Nortel Networks.

Certification requirement

RTU license grants for secondary market hardware are only available in conjunction with the separate purchase of equipment

certification. The pricing and scope of certification may vary depending on factors such as whether the equipment was installed by Nortel Networks personnel as well as the age and condition of the equipment. Nortel Networks reserves the right to determine the extent of the certification process and to deny certification if it deems the equipment to be unsuitable for reliable operation.

The RTU license grant is conditional on successful completion of equipment certification. Certification provides for verification of the hardware and software ensuring that all field baseline release levels are met and that any applicable patches are loaded. Retired software loads and hardware that has reached “end-of-life” status must be upgraded as a pre-condition to receiving an RTU license. The certification process includes an equipment warranty for one year or until the software release retires, whichever is sooner. Only the equipment certified will be eligible for repair or replacement under this warranty. Once equipment certification is complete, existing service and support plans can also be transferred from original owner to buyer and will expire at the termination date of the original owner’s contract. Additional full switch service and support plans may be purchased based on the guidelines governing service and support plans offered by Nortel Networks.

Verification

As a condition of purchasing this RTU license, the buyer agrees to allow Nortel Networks periodic access to their switch hardware and data fill for the purpose of determining what services and capacity have been enabled. This audit may be conducted by Nortel Networks or its representative and will not interfere with the normal operation of the equipment being audited.

Peripheral extension policies

Peripheral RTU license coverage—The peripheral RTU license grant fee includes:

- The *base switch software* capacity to enable the incremental peripheral capacity
- The *base peripheral module software*
- *Optional peripheral feature software*

Additionally, the RTU software license must be obtained for the full port capacity of the peripheral frames being purchased, regardless of the degree to which the peripheral hardware is populated. The RTU license excludes other optional features not originally purchased. To extend the feature capability of the peripheral, additional hardware and software may be required and associated charges will apply.

Full switch policies

Full switch RTU license coverage—The core switch RTU license grant fee includes:

- The *base switch software*
- The *base peripheral module software*
- *Base feature software*
- *Optional feature software*

Additionally, the RTU license grant applies only to the port capacity purchased by the original switch owner. It excludes other base content and optional features not originally purchased. To extend the capacity or feature capability of the switch, additional hardware and software may be required and associated charges will apply. For example, in the DMS product family, if the purchaser requires a different switch type (DMS-100/250/500) in conjunction with a software upgrade, a different software load with a new RTU license must be purchased.

Pricing

For pricing on all Right-to-Use licenses, please contact your Nortel Networks account representative or see the contact section below.

Software RTU monitoring and control

Nortel Networks is deploying into its base switch software a Software RTU monitoring and control capability by use of Software Optionality (SOC) Codes. The purpose of these SOCs is to protect Nortel Networks IPR in its software by ensuring all software usage on DMS and Succession peripherals is within authorized usage levels. Once the SOCs are deployed, additional peripherals can be added to the switch system only after the software RTUs are verified for the new usage level of the software. Nortel Networks will issue passwords for the SRMC once Software RTUs are verified.

Contacts

For help in implementing this process on specific deals, please contact Wayne Higgins at ESN 444-7446 or externally at 972-684-7446. You may also e-mail Wayne at higginsw@nortelnetworks.com.

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www.nortelnetworks.com

For more information, contact your Nortel Networks representative, or call 1-800-4 NORTEL or 1-800-466-7835 from anywhere in North America.

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