

# ridout & maybe LLP

CANADA'S INTELLECTUAL PROPERTY AND TECHNOLOGY LAW FIRM

Reply to: Pauline Bosman  
pbosman@ridoutmaybe.com

## VIA FACSIMILE & ORDINARY MAIL

May 2, 2006

Mr. Nicholas McHaffie  
Stikeman Elliott LLP  
Barristers & Solicitors  
Suite 1600, 50 O'Connor Street  
Ottawa, Ontario K1P 6L2

Dear Mr. McHaffie:

**Re: Musicrypt Inc. ats Destiny Media Technologies, Inc. et al  
Court File No. T-413-06**

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We acknowledge receipt of your letter dated April 25, 2006 which we have reviewed with our client, Musicrypt Inc. ("Musicrypt"). Musicrypt is not prepared to accept the settlement offer outlined in your letter as it is of the view that your clients are infringing Musicrypt's patent.

Any settlement wherein Musicrypt would agree not to pursue your clients for infringement of Musicrypt's patent would have to involve a licensing arrangement between Musicrypt and your clients whereby your clients would pay a royalty or licence fee to Musicrypt commensurate with the access to the substantial market opportunity such a license would provide. Please advise if your clients have any interest in exploring the possibility of settlement based on a such a licensing arrangement.

Yours truly,

**RIDOUT & MAYBEE LLP**

Pauline Bosman  
SC

cc: John Heaven