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LIMITED LIABILITY COMPANY AGREEMENT OF  
TMLN ROYALTY, LLC

Dated as of July 25, 2008

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**LIMITED LIABILITY COMPANY AGREEMENT OF  
TMLN ROYALTY, LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT (“**Agreement**”) is entered into as of July 25, 2008 by and among Timeline, Inc., a Washington corporation, as the initial sole Member (“**Timeline**”), and such other Persons as may be admitted hereunder (collectively, the “**Members**”) and T Management Co. (the “**Manager**”).

WHEREAS, the Members desire to conduct the business described herein as a limited liability company under the laws of the State of Washington for the purposes set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

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**ARTICLE 1  
GENERAL TERMS**

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**1.1 Formation of Limited Liability Company.** The Company has been organized as a Washington limited liability company by the filing of a Certificate of Formation (the “**Certificate of Formation**”) under and pursuant to the Washington Limited Liability Company Act, Chapter 25.15 RCW (the “**Act**”).

**1.2 Name of Company.** The name of the Company shall be “TMLN Royalty, LLC.”

**1.3 Purposes.** The purposes of the Company are to facilitate the final winding up of the affairs of Timeline, administer the License Agreement, and, as necessary, manage (including potentially sell, transfer, convey or otherwise dispose of rights in) the Patents in the event they are no longer licensed under the License Agreement.

**1.4 Principal Place of Business.** The Company’s principal place of business shall be 8200 Wayne Avenue N., Stanwood, Washington or such other place as may be determined by the Manager.

**1.5 Term of Company.** The term of the Company commenced on July 25, 2008, the date the Certificate of Formation was filed with the Washington Secretary of State (such date, being the “**Effective Date**”) and shall continue perpetually, unless terminated earlier as provided herein.

**1.6 Filings.** The Members shall cause to be executed, filed and published all such other certificates, notices, statements or other instruments, and amendments thereto under the

laws of the State of Washington and other applicable states or jurisdictions as they may deem necessary or advisable for the operation of the Company.

**1.7 Company Property.** All property of the Company, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity and, except as provided herein, no Member shall individually have any ownership interest in such property. Title to any such property of the Company shall be held solely in the name of the Company.

**1.8 No Partnership Intended for Nontax Purposes.** The Members intend that the Company not be a partnership, corporation, company (including a limited company) or joint venture, and that no Member be a partner, member or joint venturer of any other Member for any purpose other than federal and state income tax purposes, and this Agreement may not be construed to suggest otherwise.

**1.9 Rights of Creditors and Third Parties.** This Agreement is entered into among the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and assigns. The Agreement is expressly not intended for the benefit of any creditor of the Company or any other person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement or any agreement between the Company and any Member with respect to any capital contribution or otherwise. No Member or Manager shall be liable for the debts, obligations, or liabilities of the Company, including under a judgment decree or order of a court

**1.10 Definitions.** As used in this Agreement, the capitalized terms defined in this Section 1.10 shall have the respective meanings specified below. Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meaning throughout this Agreement. For purposes of this Agreement, the singular shall include the plural and the neuter shall include the feminine and masculine gender, and vice versa. Wherever the word “include,” “includes,” or “including” is used in this Agreement, it shall be deemed to be followed by the words “without limitation.” Any statute defined or referred to herein or in any agreement or instrument that is referred to herein means such statute as from time to time amended, modified or supplemented, including by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

“**Affiliate**” means any Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, or any member of such Person’s immediate family. For purposes of this definition, “control” means the ability, directly or indirectly, to direct the management and policies of the respective Person whether through the ownership of voting securities or interests, through a contract that provides for the delegation of that Person’s managerial rights and duties, or otherwise.

“**Acacia**” means Acacia Patent Acquisition LLC.

“**Agreement**” means this Limited Liability Company Agreement, as amended from time to time.

“**Article**” means an article of this Agreement, unless the context requires otherwise.

“**Assignment**” or “**Assign**” means, in the context of a Transfer of a Member’s Interest, a mere assignment (other than as security) of an economic interest held by the transferring Member, as opposed to a Transfer with the intent to substitute the transferee as a Member.

“**Bankruptcy**” means a situation in which the Company or a Member, as the case may be, becomes subject to any bankruptcy, insolvency, reorganization or similar proceeding, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors.

“**Capital Account**” means the account maintained for each Member as provided in Section 2.1.

“**Capital Contribution**” means any contribution of money or property by a Member to the Company pursuant to Article 2. It is expected that no Member other than Timeline shall make any Capital Contribution, and that the Members other than Timeline shall succeed to Timeline’s Capital Account upon Timeline’s distribution of its interest in the Company to Timeline’s shareholders in liquidation.

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time.

“**Company**” means TMLN Royalty, LLC, a Washington limited liability company.

“**Distributable Cash**” means, with respect to any fiscal period, all gross receipts of the Company from operations and all sales of any interest in Company property, less the sum of (a) operating expenses of the Company and (b) reasonable reserves for working capital and contingencies.

“**Interest**” means the interest of a Member or “permitted assignee” of a Member pursuant to Article 7. A Member’s Interest shall be reflected by the number of Shares as set forth on Schedule A.

“**License Agreement**” means that certain Exclusive License Agreement entered into effective July 30, 2008 between Timeline and Acacia.

“**Member**” means Timeline and any Person who, at the time of the reference thereto, has been admitted to the Company as a successor to the interest of any such party or as a replacement or additional Member, as provided herein, in any such party’s capacity as a Member, in any case, so long as such Person has not ceased to be a Member hereunder.

“**Majority**” means the vote of Members holding more than fifty percent (50%) of the Shares.

“**Manager**” initially means T Management Co. and any other person(s) who may become a substitute Manager as provided in Article 6.

“**Shares**” of a Member means the number of shares set forth opposite each such Member’s name in Schedule A (as amended from time to time by the Manager, in its sole and absolute discretion).

“**Patents**” means those patents owned by Timeline subject to the License Agreement.

“**Person**” means an individual, corporation, company, limited liability company, trust, estate, association, corporation or other entity.

“**Profits**” and “**Losses**” means, for each Fiscal Year or part thereof, the Company’s taxable income or loss for such year determined in accordance with Code section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code section 703(a)(1) shall be included in taxable income or loss) with the following adjustments:

- (a) any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss; and
- (b) any expenditures of the Company described in Code section 705(a)(2)(B) (or treated as such pursuant to Treasury Regulation section 1.704-1((b)(2)(iv)(i)) shall be subtracted from such taxable income or loss;

“**Property**” means any property as may from time to time be owned by the Company.

“**Section**” means a section of this Agreement, unless the context requires otherwise.

“**Significant Matter**” means a material change in the Company’s business purposes as set forth in Section 1.3.

“**Transfer**” means any direct or indirect transfer, sale, assignment, distribution, pledge, encumbrance, tender, or otherwise grant, creation or suffrage of a lien in or upon, giving, placement in trust or otherwise (including transfers by testamentary or intestate succession) disposing of by operation of law or any derivative transaction, including any short sale, collar, hedging or other derivative transaction that has the effect of materially changing the economic benefits and risks of ownership.

“**Treasury Regulations**” mean the regulations issued by the Internal Revenue Service pursuant to the Code, as may be amended from time to time.

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**ARTICLE 2  
CAPITALIZATION**

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**2.1 Capital Accounts.**

(a) **Establishment of Capital Accounts.** The Company shall establish and maintain a Capital Account for each Member in accordance with Treasury Regulations issued under Code section 704.

(b) **Capital Account for Transferred Interest.** If any Interest or part thereof is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest in the Company.

**2.2 No Withdrawal of Capital.** Except as expressly set forth herein, no Member shall be entitled to withdraw any portion of its Capital Account balance.

**2.3 No Interest on Capital Account Balances.** No Member shall be entitled to receive any interest on the balance in such Member’s Capital Account.

**2.4 Initial Capital Contributions.** Timeline has contributed or shall contribute to the Company the initial Capital Contribution shown on Schedule A hereto.

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**ARTICLE 3  
PROFITS AND LOSSES**

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Profits and Losses with respect to any Fiscal Year or part thereof shall be allocated to the Members in accordance with their Shares.

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**ARTICLE 4  
DISTRIBUTIONS**

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**4.1 Nonliquidating Distributions.** Distributable Cash shall be distributed to the Members, at times such times and in such amounts as are determined by the Manager, in accordance with each Member's Shares.

**4.2 Liquidating Distributions.** Distributions upon liquidation of the Company shall be made as described in Section 8.3(e).

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**ARTICLE 5  
ACCOUNTING, RECORDS AND REPORTS**

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**5.1 Fiscal Year.** The fiscal year ("Fiscal Year") of the Company shall be the calendar year or such other fiscal year required by the Code or Treasury Regulations or selected by the Manager.

**5.2 Method of Accounting.** The Company's books shall be maintained using the method of accounting selected by the Manager.

**5.3 Books and Records; Inspection.** The Manager shall maintain, for and on behalf of the Company, full and proper ledgers and other books of account, of all receipts and disbursements and other financial activities of the Company, and all the records required to be maintained pursuant to the Act. All such books and records shall be open to inspection by each Member and each Member's representatives upon not less than five business days' notice to the Manager, at a time and place acceptable to the Manager. The Manager may delegate to a third party the duty to maintain and oversee the preparation and maintenance of such records and books of account.

**5.4 Tax and Financial Reporting.**

(a) **Tax.** The Company shall deliver to each person who was a Member at any time during the Fiscal Year of the Company no later than April 14 of the immediately succeeding Fiscal Year such information regarding the Member's Interest in the Company that is necessary for the preparation of such Member's federal income tax returns and any state income tax returns, including a statement showing such Member's share of gains, income, losses, deductions or credits for such year for federal income tax purposes and the amount of any distribution made to or for the account of such Member pursuant to this Agreement.

(b) **Financial.** As soon as is practicable after the end of each Fiscal Year of the Company, the Company shall send to each Member (i) a balance sheet for the Company as of the close of such Fiscal Year, (ii) a profit and loss statement for the Company for such Fiscal Year, and (iv) such other information as any Member may reasonably request.

## 5.5 Taxation.

(a) **Elections.** The Company shall make such elections under the Code or Treasury Regulations as the Manager shall choose; provided that the Company shall have no obligation to file an election under Code section 754 and Treasury Regulations thereunder to adjust the basis of the Company assets under Code section 734(b) or 743(b) and a corresponding election under the applicable sections of state and local law.

(b) **Company Tax Returns.** The Manager shall arrange for the necessary federal and state Company federal and state tax returns to be prepared by the Company's CPA and timely filed with the appropriate authorities. Each Member shall provide such information, if any, that may be needed by the Company for purposes of preparing such tax returns, and shall make such information readily available from regularly maintained accounting records. The Company shall deliver to each Member a copy of the Company's federal and state income tax and information returns for each Fiscal Year, together with any additional tax-related information in the possession of the Company that such Member may reasonably and timely request in order properly to prepare his own income tax returns.

(c) **Tax Matters.** The Manager shall be the tax matters Member of the Company (the "**Tax Matters Member**") within the meaning of Code section 6231(a)(7) with respect to federal income tax audits.

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## ARTICLE 6 MANAGEMENT

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**6.1 Management of the Company.** Subject to the limitations and except as otherwise provided herein, the management, decisions and control of the Company shall be vested solely in the Manager. The Manager shall have full power and authority to act for or bind the Company regarding all matters including the performance of any and all acts or activities customary or incident to the management of the Company's business, and execution of any and all documents or instruments necessary or reasonable in the opinion of the Manager to facilitate the purposes and business of the Company as set forth in Section 1.3, which may include: (a) the sale, license, transfer, or other disposition of substantially all of the assets of the Company; (b) entering into a licensing relationship or the formation of a partnership or joint venture involving the Company or the Patents; (c) the initiation of the liquidation, dissolution or winding up of the Company or any Bankruptcy proceeding; (d) the merger, combination or consolidation

