



RealNetworks Wins Complete Victory in Patent Suit

Judge Invalidates Friskit Patent Claims, Citing Prior Art and Supreme Court Decision in *KSR Int'l Co. v. Teleflex Inc.*

SEATTLE — July 31, 2007 — Digital entertainment services company RealNetworks®, Inc. (Nasdaq: RNWK) today announced that it won a patent infringement lawsuit brought by Friskit, Inc., in which San Francisco-based Friskit sought damages of over \$70 million.

On Thursday, July 26, Judge William W. Schwarzer of the U.S. District Court for the Northern District of California granted RealNetworks' motion for summary judgment invalidating the claims of four patents asserted by Friskit. In its motion, RealNetworks relied upon the recent Supreme Court decision in *KSR Int'l Co. v. Teleflex Inc.* Judge Schwarzer is one of the first federal trial judges to apply the Supreme Court's analysis in *KSR*.

In *KSR*, the Supreme Court analyzed and ruled on the proper standard for determining obviousness in patent cases. The Supreme Court rejected any "rigid" application of existing tests for obviousness in favor of the "expansive and flexible approach" set forth in the Supreme Court's earlier decisions. RealNetworks relied upon that analysis to demonstrate that Friskit's patent claims relating to systems for enabling continuous streaming playback from Internet sites were nothing more than obvious combinations of elements found in the prior art, including RealNetworks' own Internet products.

In his decision, Judge Schwarzer agreed with RealNetworks that "all of the individual features of Friskit's patents which allow the user to easily search for and listen to streaming media existed in the prior art." He also agreed with RealNetworks that "streaming media, including streaming audio, also existed prior to Friskit's patents," and that "a number of web sites allowed users to locate media to download or stream." After considering the prior art presented by RealNetworks, Judge Schwarzer concluded that "the idea of integrating these different components was not novel."

"We are very pleased with the results of today's ruling," said Robert Kimball, senior vice president and general counsel for RealNetworks. "Since the legal dispute between the parties commenced over four years ago, Real has vigorously denied Friskit's patent claims and defended our position that we do not infringe its patents. While we respect intellectual property rights and the rights of inventors to protect their innovations, we have also made it clear that RealNetworks will not be pressured into taking a license for technology we do not use and patents that we do not infringe despite the cost of fighting in court."

The ruling represents a significant victory not only for RealNetworks, but for all companies that are sued for patent infringement by entities whose sole business is profit-making from attempts to enforce invalid patents.

This is the second time in the past 18 months that RealNetworks has prevailed in a patent infringement lawsuit. In 2006, the company won a complete victory after a jury trial in a suit brought against it by Ethos Technologies, Inc.">

RealNetworks was represented in the case by lead counsel Charles Verhoeven, along with David Perlson and Ed DeFranco, partners with the law firm of Quinn, Emmanuel, Urquhart, Oliver & Hedges, LLP, Dave Stewart, partner at the law firm of Howrey LLP, and inside counsel Bob Kimball, General Counsel, and Lindsey Godfrey, Litigation Attorney.

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ABOUT REALNETWORKS

RealNetworks, Inc. is providing ways for consumers to be entertained on any screen (PC, home entertainment system, portable device or mobile phone) anywhere. Its digital entertainment services include RealPlayer, the acclaimed Rhapsody® music service, one of the largest Casual Games destinations RealArcade®, and a variety of mobile entertainment services offered to consumers by leading wireless carriers around the world. RealNetworks' corporate information is located at www.realnetworks.com/company.