

DIGIMARC

Leslie Constans
Digimarc Public Relations
503-469-4620
lconstans@digimarc.com

Jeremy Bartram
InfoTech Strategies for Digimarc
206-264-1999
Bartram@itstrategies.com

FOR IMMEDIATE RELEASE

Media Alert: Digimarc Supports Peer-to-Peer (P2P) Industry Initiative to Identify and Protect Copyrighted Entertainment Content with Digital Watermarking

Beaverton, OR – Jan. 12, 2006 – Digimarc Corporation (NASDAQ: DMRC) announced today it is offering its support to the Distributed Computing Industry Association's (DCIA) new P2P Digital Watermarking Working Group, which is being formed this week as an industry working group to leverage the power of digital watermarking to identify and protect copyrighted music, movies and images distributed across peer-to-peer file-sharing networks (see the DCIA's announcement at: <http://i-newswire.com/pr53876.html>).

Last June's U.S. Supreme Court ruling in the landmark case, Metro-Goldwyn-Mayer Studios v. Grokster, noted that digital watermarking was a technology that could be used by rights holders and P2P file-sharing companies to deter piracy and illegal use of copyrighted entertainment content.

According to a letter released this week by the DCIA (see http://www.digimarc.com/about/docs/DCIA_letter_20060111.pdf for full text of the letter), which represents 72 member companies, "...we concur with the Supreme Court that digital watermarking – which has already gained strong adoption by the content community in the business-to-business (B2B) segment of the distribution chain – offers meaningful resolution to the issue at hand."

"We are pleased that the DCIA has recognized digital watermarking as an effective tool for identifying copyrighted entertainment content, including music, movies and images, for the purpose of deterring copyright infringement," said Reed Stager, executive vice president, Digimarc Corporation. "As a pioneer and leader in digital watermarking, we are happy to support this initiative to form an industry working group and look forward to collaborating with the content industry, members of the DCIA, technology providers and our business partners to address the challenges of legitimate P2P entertainment content distribution."

A white paper identifying how digital watermarking can be used in peer-to-peer environments is available at http://www.digimarc.com/about/docs/Digimarc_legit_p2p.pdf

About Digimarc

Digimarc Corporation (NASDAQ: DMRC), based in Beaverton, Oregon, is a leading supplier of secure identity and media management solutions. Digimarc provides products and services that enable the annual production of more than 60 million personal identification documents, including two-thirds of U.S. driver licenses and IDs for more than 20 countries. Digimarc's digital watermarking technology provides a persistent digital identity for various media content and is used to enhance the security of financial documents, identity documents and digital images, and support other media rights management applications.

Digimarc has an extensive intellectual property portfolio, with more than 200 issued U.S. patents with more than 4,000 claims, and approximately 400 pending patent applications in digital watermarking, personal identification and related technologies.

The Company is headquartered in Beaverton, Oregon, with other U.S. offices in Burlington, Massachusetts; Fort Wayne, Indiana; and the Washington DC area; and international offices in London and Mexico. Please go to www.digimarc.com for more Company information.

Securities Safe Harbor

With the exception of historical information contained in this release, the matters described herein contain certain "forward-looking statements" that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements relating to the expected benefits of digital watermarking for identifying copyrighted music, movie and image content and deterring copyright infringement, and other statements containing the words "believes," "expects," "estimates," "anticipates," "will" or words of similar import or statements of management's opinion. These statements are subject to certain assumptions, risks, uncertainties and changes in circumstances. Actual results may vary materially from those expressed or implied from the statements herein or from historical results, due to changes in economic, business, competitive, technological and/or regulatory factors. More detailed information about risk factors that may affect actual results is set forth in filings by Digimarc with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K, including but not limited to those described in the Company's Form 10-Q for the quarterly period ended Sept. 30, 2005, in Part I, Item 2 thereof ("Management's Discussion and Analysis of Financial Condition and Results of Operations") under the caption "Risk Factors." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date of this release. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

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