

DIGIMARC

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FOR IMMEDIATE RELEASE

Massachusetts RMV Selects Digimarc to Help Fight Fraud and Identity Theft in Move toward Compliance with the REAL ID Act

Massachusetts Registry of Motor Vehicles to deploy the Digimarc Identity Validation Suite to improve security of its driver license issuance process

Beaverton, Ore. – Oct 17, 2005 – Digimarc Corporation (NASDAQ: DMRC) today announced the Massachusetts Registry of Motor Vehicles (RMV) has awarded the Company two new contracts designed to strengthen the security of the RMV's driver license issuance process. The RMV will implement the Digimarc Identity Validation Suite (IDVS), combining facial recognition biometrics and sophisticated identity document authentication, to reduce fraud in the process of applying for driver licenses, a key area of concern in the recently passed REAL ID federal legislation.

IDVS provides multi-factor authentication of applicants, examining both biometrics and the source documents that the applicant provides as proof of identity. The Digimarc solution will enable Massachusetts RMV offices to scan, authenticate and archive images of documents presented to establish an applicant's identity. In a parallel process, IDVS facial recognition capabilities will examine the applicant's photo against all other photos of registered drivers in Massachusetts to determine whether the applicant may be attempting to obtain a duplicate license using a false claimed identity.

"The Massachusetts RMV is leading the way in enhancing the safety of its citizens by buttressing two critical points in the issuance process with an aim to reduce fraud and identity theft, and enhance national security consistent with recently passed federal legislation," said J. Scott Carr, executive vice president, Digimarc Corporation.

Digimarc IDVS uses a flexible and modular architecture that allows customers to deploy systems configured to meet the specific needs of their workflow, office by office. The

product allows the use of a range of third-party scanners and authentication technologies to optimize the balance between strong security, costs, and customer service.

During the enrollment process, RMV operators will use Digimarc IDVS to scan, authenticate, and archive documents presented by applicants for driver licenses. IDVS will validate numerous security features in various documents accepted by the Massachusetts RMV, including the Digimarc IDMarc™ digital watermarking security features that have been adopted by over a dozen States for cross-jurisdictional authentication. The Massachusetts IDVS implementation will also include document imaging features from AssureTec Systems to help authenticate documents such as passports, visas, and national travel cards.

Massachusetts RMV investigators will use the facial recognition aspects of IDVS to compare the facial characteristics in a new photo of an applicant against similar facial images in the RMV's database of approximately 10 million portraits from previous applications. This will allow the RMV to detect applicants who are trying to obtain a duplicate driver license or someone trying to obtain a license using a stolen identity. This "one-to-many" facial matching solution from Digimarc will employ algorithms from Cognitec, a market leader in facial recognition technology.

Digimarc was the pioneer in employing facial biometrics to fight identity fraud in driver license issuance, deploying its first facial recognition system in 1995. Since then, numerous States have adopted Digimarc's biometric solutions to reduce fraud in the application process. These solutions have been effective in identifying many cases of fraud and identity theft that would have otherwise gone undetected.

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 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 more than 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 use of Digimarc biometric verification and secure ID production by the Massachusetts Registry of Motor Vehicles to strengthen the security of its driver license issuance system 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 June 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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