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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 16, 2005

Network-1 Security Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware 1-14896 11-3027591

(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

445 Park Avenue, Suite 1028, New York, New York 10022

(Address of principal executive offices)

Registrant's telephone number, including area code: (212) 829-5700

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On November 17, 2005, the Company issued a press release announcing that it had entered into a Settlement Agreement with PowerDsine, Inc. (NASDAQ: PDSN) and PowerDsine Ltd. which dismissed, with prejudice, a civil action brought by

PowerDsine Ltd. against the Company in the United States District Court for the Southern District of New York that sought a declaratory judgment that the Company's remote power patent (U.S. Patent No. 6,218,930) was invalid and not infringed by PowerDsine and/or its customers. The text of the Company's press release is furnished as Exhibit 99.1 and is incorporated herein by reference. The text of the Settlement Agreement is furnished as Exhibit 10.1 hereto.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

Exhibit Number Description

10.1 Settlement Agreement, dated November 16, 2005, among the Company, PowerDsine Ltd. and PowerDsine, Inc.

99.1 Press Release, dated November 17, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NETWORK-1 SECURITY SOLUTIONS, INC.

Dated: November 17, 2005

By: /S/ Corey M. Horowitz

Name: Corey M. Horowitz
Title: Chairman & Chief Executive
Officer

EXECUTION COPY

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is effective as of November 16, 2005 (the "Effective Date"), by and between Network-1 Security Solutions, Inc., a Delaware corporation having its principal place of business at 445 Park Avenue, Suite 1028, New York, New York, U.S.A. ("Network-1"), and PowerDsine, Inc., a New York corporation with headquarters at 1865 New Highway, Suite 2, Farmingdale, New York, U.S.A. ("PowerDsine USA") and PowerDsine Ltd., an Israeli corporation with headquarters at 1 Hanagar Street, Neve Ne'eman Industrial Zone B, Hod Hasharon, 45421, Israel ("PowerDsine", and together with PowerDsine USA, the "PowerDsine Parties").

Recitals

A. Network-1 and PowerDsine USA are currently parties to a civil action pending in the United States District Court for the Southern District of New York entitled POWERDSINE INC. V. NETWORK-1 SECURITY SOLUTIONS, INC., Civil Action No. 04-CV-2502 (the "Pending Lawsuit"); and

B. The parties to this Agreement have concluded that their interests would be best served by settling and thereby terminating and concluding the Pending Lawsuit on the terms and conditions set forth herein.

NOW, THEREFORE, the undersigned parties to this Agreement herewith mutually agree and contract with each other, for good and valuable consideration given and received, as follows:

1. Definitions.

(a) "Action" means any suit, action, dispute, claim, counterclaim, arbitration or legal, administrative or other proceeding or governmental investigation, including without limitation any reexamination or request for reexamination.

(b) "Agreement Related to Settlement and Dismissal" means the Agreement Related to Settlement and Dismissal, in the form attached hereto as Exhibit A, which, upon execution of this Agreement, will be executed by Network-1 and PowerDsine USA and filed (together with a joint motion for entry thereof) with the United States District Court for the Southern District of New York for entry by the Court as a final judgment in the Pending Lawsuit.

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(c) "Affiliate" means, with respect to a specified person, any other person that as of the Effective Date directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified person. As used herein, "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, or as trustee or executor, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, as trustee or executor, by contract or credit arrangement or otherwise. Without limiting the foregoing, PowerDsine is an Affiliate of PowerDsine USA.

(d) "D-Link Party" means D-Link Systems, Inc., D-Link Corporation and any of their Affiliates, each and/or collectively.

(e) "Dismissal Date" means the date on which the Agreement Related to Settlement and Dismissal is entered by the United States District Court for the Southern District of New York as a final judgment in the Pending Lawsuit.

(f) "Integrated Product" means any PSE that incorporates any PowerDsine IC Product, PROVIDED, HOWEVER, a Midspan PSE shall not be an Integrated Product.

(g) "Midspan PSE" means a particular type of PSE that is connected between, and/or injects operating power between, a switch and device(s) to be powered over Ethernet network cabling.

(h) "Network-1 Covenanting Parties" has the meaning set forth in Section 3 hereof.

(i) "Patent" means United States Patent Number 6,218,930, and any reissues and reexaminations thereof.

(j) "Pending Lawsuit" has the meaning set forth in paragraph A of the Recitals to this Agreement.

(k) "Person" or "person" means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including, without limitation, a

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"person" as defined in Section 13(d)(3) of the Exchange Act), trust, association or entity or government, political subdivision, agency or instrumentality of a government.

(l) "Power Over Ethernet" or "POE" means the technology used to deliver electrical power over Ethernet network cabling for the purpose of supplying operating power to devices connected to said Ethernet network.

(m) "Power Sourcing Equipment" or "PSE" means any apparatus, device, equipment or product that supplies power to other devices in a POE implementation.

(n) "PowerDsine Covenanted Party" means each of the PowerDsine Parties and each of their Affiliates as of the Effective Date, and each of their respective officers, directors, employees and successors.

(o) "PowerDsine Integrated Circuit Product" or "PowerDsine IC Product" means the integrated circuit products identified on Exhibit B hereto, as well as any future variations thereof which are PowerDsine branded integrated circuit products and whose primary function is the control and management of power delivery in a POE implementation and are intended for incorporation into a PSE.

(p) "PowerDsine IC Product Customer" means any Person that purchases any PowerDsine IC Product (1) manufactured for or by PowerDsine, (2) sold by either PowerDsine or a PowerDsine Product Distributor directly to such Person and (3) shipped by or on behalf of PowerDsine and/or a PowerDsine Product Distributor on or before the PowerDsine IC Product Customer Covenant Expiration Date to such non-PowerDsine premises or facility as directed by the purchaser.

(q) "PowerDsine Integrated Product Vendor" means any Person that sells an Integrated Product.

(r) "PowerDsine IC Product Customer Covenant Expiration Date" means April 30, 2006.

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(s) "PowerDsine Midspan Product" means midspan products such as the products identified on Exhibit C hereto and future midspan products, each of which is or will be a Midspan PSE originally designed by a PowerDsine Covenanted Party, alone or together with its subcontractors, and manufactured for or by, and used or sold by PowerDsine and/or its Affiliates and/or a PowerDsine Product Distributor.

(t) "PowerDsine Midspan Product Customer" means any Person that purchases any PowerDsine Midspan Product (1) manufactured for or by PowerDsine, (2) sold by either PowerDsine or a PowerDsine Product Distributor directly to such Person and (3) shipped by or on behalf of PowerDsine and/or a PowerDsine Product Distributor on or before the Three Year Date to such non-PowerDsine premises or facility as directed by the purchaser.

(u) "PowerDsine PD Integrated Circuit Product" means any PowerDsine branded integrated circuit product that is intended to be incorporated into a device that receives power from a PSE and whose primary function is to control the receipt of power in a POE implementation.

(v) "PowerDsine Product Distributor" means any authorized distributor,

reseller and/or integrator of PowerDsine IC Products and/or PowerDsine Midspan Products, who has obtained such products only from a PowerDsine Party or another PowerDsine Product Distributor.

(w) "Three Month Date" means the date that is three (3) months following the Dismissal Date.

(x) "Three Year Date" means the date that is three (3) years following the Dismissal Date.

2. Agreement Related to Settlement and Dismissal. Upon execution of this Agreement, Network-1 and PowerDsine USA will execute the Agreement Related to Settlement and Dismissal, in the form attached hereto as Exhibit A, and file such Agreement Related to Settlement and Dismissal, with a joint motion for entry thereof, with the United States District Court for the Southern District of New York for entry by the Court as a final judgment in the

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Pending Lawsuit. The covenants and agreements contained in this Agreement shall not be effective until the date on which the Court enters such Agreement Related to Settlement and Dismissal.

3. Network-1 Covenants. Subject to Section 4 hereof, Network-1, on behalf of itself and its Affiliates, and each of their respective officers, directors, employees, shareholders, representatives, agents and successors (collectively, the "Network-1 Covenanting Parties"), hereby:

(a) (1) covenants that, prior to the Three Year Date, it will not institute any action against any PowerDsine Covenanting Party or any PowerDsine Midspan Product Customer for any or all claims or liabilities for infringement of the Patent with respect to any PowerDsine Midspan Product, (2) agrees that in any action that may be instituted after the Three Year Date against (A) any PowerDsine Midspan Product Customer, Network-1 shall not seek any damages from such PowerDsine Midspan Product Customer based upon any PowerDsine Midspan Product purchased and received by such PowerDsine Midspan Product Customer on or prior to the Three Month Date, PROVIDED, HOWEVER, that Network-1 shall be permitted to seek damages from any Person based upon any PowerDsine Midspan Product that was not both purchased and received by such Person as of the Three Month Date; and (B) any PowerDsine Covenanting Party, Network-1 shall not seek any damages from such PowerDsine Covenanting Party based upon any PowerDsine Midspan Product both sold by such PowerDsine Covenanting Party and shipped to a PowerDsine Midspan Product Customer on or prior to the Three Month Date.

(b) covenants not to sue any PowerDsine Covenanting Party for any or all claims or liabilities for infringement of the Patent, whether before or after the Dismissal Date, with respect to any PowerDsine IC Product or any PowerDsine PD Integrated Circuit Product, PROVIDED, HOWEVER, for the avoidance of doubt, such covenant shall not extend or apply to (i) any Integrated Product that incorporates any PowerDsine IC Product, (ii) any device that incorporates a PowerDsine PD Integrated Circuit Product that receives power from a PSE; or (iii) any Person other than a PowerDsine Covenanting Party; and

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(c) (1) covenants that, prior to the Three Month Date, it will not institute any action against any PowerDsine IC Product Customer and/or any PowerDsine Integrated Product Vendor for any or all claims or liabilities for infringement of the Patent based upon any PowerDsine IC Product and/or Integrated Product, and (2) agrees that in any action that may be instituted after the Three Month Date against any PowerDsine IC Product Customer and/or any PowerDsine Integrated Product Vendor, Network-1 shall not seek any damages from such PowerDsine IC Product Customer and/or any PowerDsine Integrated Product Vendor based upon (A) any Integrated Product that was first manufactured on or prior to the PowerDsine IC Product Customer Covenant Expiration Date; and/or (B) any PowerDsine IC Product that is or was incorporated within any such Integrated Product first manufactured on or prior to the PowerDsine IC Product Customer Covenant Expiration Date. For the avoidance of doubt, the covenant in this Section 3(c) shall not apply as to, and shall not at any time limit Network-1 from seeking damages related to: (i) any Integrated Product that is not first manufactured on or prior to the PowerDsine IC Product Customer Covenant Expiration Date, (ii) any product other than the products described in Section 3(c)(2), including without limitation any other POE product, and including

without limitation from any PowerDsine IC Product Customer and/or PowerDsine Integrated Product Vendor, or (iii) any Person other than a PowerDsine IC Product Customer and/or any PowerDsine Integrated Product Vendor. As used in this Section 3(c), "manufacture" shall mean complete assembly of all components, assemblies and subassemblies, affixing of a serial number or other unique identifying code and packaging into final sealed packaging ready for delivery.

4. Limitations and Exceptions to Network-1 Covenants.

(a) The covenants in Section 3 hereof shall cease prospectively with respect to any Person (other than a PowerDsine Party, subject to Sections 5(a), 5(d), and 6(c) hereof) who, at any time after the Effective Date, institutes, or assists or cooperates in, any Action that is adverse to the interests of Network-1 as of the earliest date of such instituting, assisting or cooperating, PROVIDED, for the avoidance of doubt, that the covenants in Section 3(a)(2) and Section 3(c)(2) shall still apply up to and including the date such Person institutes, or assists or cooperates in,

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any Action that is adverse to the interests of Network-1. Notwithstanding the foregoing sentence, this Section 4(a) shall not apply as to any counterclaims and/or defenses raised by any Person against whom Network-1, any of its Affiliates or any third party has asserted the Patent or otherwise has instituted any claim, action or proceeding under the Patent.

(b) Nothing herein shall be deemed to confer, grant or imply any license or immunity to any Person, including without limitation any PowerDsine Covenanted Party, PowerDsine Midspan Product Customer, PowerDsine Integrated Product Vendor, or PowerDsine IC Product Customer. For the avoidance of doubt, "immunity" as used in this Section 4(b) shall not refer to the covenants not to institute an action, not to sue and not to seek damages in this Agreement.

(c) It is the intention of the parties hereto that none of the covenants or agreements set forth in this Agreement shall exhaust the remedies of Network-1 with respect to any apparatus, system, device, equipment or product which directly or indirectly infringes the Patent even if such apparatus, system, device, equipment or product is derivative of or used in combination with any other apparatus, system, device, equipment or product subject to the covenants granted herein, and Network-1 reserves all rights to assert the Patent in such case, PROVIDED, HOWEVER, that the foregoing shall not diminish the effect of the covenants and agreements expressly set forth in this Agreement.

(d) The parties hereto acknowledge that Network-1 has instituted that certain action titled NETWORK-1 SECURITY SOLUTIONS, INC., V. D-LINK CORP., No 6:05-CV-291 ("D-Link Litigation"). In the D-Link Litigation, Network-1 shall not seek from any D-Link Party damages based upon an Integrated Product that both (A) incorporates any PowerDsine IC Product, and (B) was manufactured, sold and shipped by a PowerDsine Integrated Product Vendor to a D-Link Party all on or prior to March 19, 2005.

5. PowerDsine Covenants.

(a) Subject to Sections 5(d) and 6 hereof, the PowerDsine Parties, on behalf of each of them and their Affiliates, and each of their respective officers, directors, employees, shareholders, representatives, agents and successors, hereby covenant from and after the

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Effective Date not to institute, assist or cooperate in any Action related to the Patent, including without limitation any Action asserting noninfringement or invalidity of the Patent or any declaratory judgment action under the Patent Act of the United States, title 35, United States Code, the Declaratory Judgment Act, title 28, United States Code, or otherwise; unless the PowerDsine Parties are required to do so pursuant to any applicable law, regulation, judicial or administrative order or decree, or request by other regulatory organization having authority pursuant to the law; PROVIDED, HOWEVER, that in such case the applicable PowerDsine Party gives Network-1 reasonable advance notice of the same (so as to afford Network-1 a reasonable opportunity to appear, object and obtain appropriate relief regarding such requirement). The covenant in this Section 5(a) shall not apply if Network-1, any of its Affiliates or any third party asserts the Patent, or otherwise institutes any claim, action or

proceeding under the Patent, against any PowerDsine Party, in which case, for the avoidance of doubt, such PowerDsine Party shall not be barred from asserting any noninfringement and/or invalidity counterclaims and/or defenses related to the action or proceeding under the Patent.

(b) The PowerDsine Parties shall use commercially reasonable efforts to provide each purchaser of PowerDsine IC Product(s) and/or PowerDsine Midspan Product(s) with a notice substantially similar in content to the following:

"Pursuant to the Settlement Agreement among PowerDsine, Inc., PowerDsine Ltd. and Network-1 Security Solutions, Inc., you are notified that no license is granted, either directly or by implication, estoppel or otherwise, by PowerDsine or any of its Affiliates under any third party patents related to the products conveyed under this Agreement. In order to combine, modify or integrate any product with or into any other device or software, you, the customer, may need to receive patent license(s) for such third party patents which license(s) is your full responsibility as customer."

(c) Subject to the confidentiality obligations of the PowerDsine Parties to its customers and provided that Network-1 agrees to comply with PowerDsine's reasonable confidentiality restrictions, within thirty (30) days after each of (1) the Effective Date, (2) the PowerDsine IC Product Customer Covenant Expiration Date, and (3) the Three Year Date,

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PowerDsine USA shall use commercially reasonable efforts to provide Network-1 with a true, accurate and complete listing of every Person (except for those Persons who PowerDsine is contractually prohibited from disclosing) who is a PowerDsine IC Product Customer, PowerDsine Integrated Product Vendor, to the extent available, and/or a PowerDsine Midspan Product Customer as of such date. Where required by applicable law, rule, regulation or court order, or with the written consent of the applicable PowerDsine IC Product Customer, PowerDsine Integrated Product Vendor, to the extent available, or PowerDsine Midspan Product Customer, PowerDsine USA shall provide Network-1 with the quantity of each PowerDsine IC Product and PowerDsine Midspan Product sold and shipped to such customer and the date of such sale(s) and shipment(s).

(d) Subject to Section 6(c), each of the PowerDsine Parties covenants and agrees that it shall not take any actions to encourage, or induce any third party to commence, or assist in the prosecution of, any judicial or administrative proceeding relating to the Patent, unless such party and/or PowerDsine Parties are required to do so pursuant to any applicable law, regulation, judicial or administrative order or decree, or request by other regulatory organization having authority pursuant to the law; PROVIDED that in such case the applicable PowerDsine Party shall provide Network-1 reasonable advance notice of the same (so as to afford Network-1 a reasonable opportunity to appear, object and obtain appropriate relief regarding such requirement).

(e) Other than as provided in this Agreement, or to the extent required by applicable law, rule, regulation or court order, or in connection with any defense related to any Action or proceeding concerning the Patent, any written comments made by a PowerDsine Party to any unaffiliated third party (other than to advisors and counsel for such PowerDsine Party) concerning this Agreement shall not include any opinion regarding the validity (or invalidity) or noninfringement of the Patent. Under no circumstances shall a breach of this Section 5(e) by any PowerDsine Party give Network-1 the right to terminate the terms of this Agreement.

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6. Other Agreements and Covenants.

(a) No party to this Agreement shall be obligated to make any payment to any other party hereto in connection with this Agreement.

(b) Nothing herein shall be deemed an admission by any party to this Agreement of wrongdoing, liability, infringement, noninfringement, validity or invalidity.

(c) With respect to any Action relating the Patent as to which there has

been a final judicial determination that a PowerDsine Party had, as of the Effective Date, a legal obligation in connection with such Action to defend, hold harmless or indemnify a third party that is a party to such Action: (1) such indemnifying PowerDsine Party may participate in such Action by asserting any noninfringement and/or invalidity counterclaims and/or defenses related to such Action, and (2) the covenants granted in Section 3 herein shall cease prospectively as of the date of such final judicial determination. For the avoidance of doubt, in the event that Section 6(c)(2) applies, Network-1 shall not seek damages from such PowerDsine Party for any (A) PowerDsine IC Products and/or PowerDsine PD Integrated Circuit Products sold and shipped prior to such final judicial determination; and/or (B) PowerDsine Midspan Products sold and shipped prior to the Three Month Date.

7. Representations and Warranties.

(a) Network-1 represents and warrants that it is a corporation in good standing under the laws of the State of Delaware; that it has the authority to enter into this Agreement and to grant the rights and to incur the obligations set forth herein; and that this Agreement is valid and binding and enforceable in accordance with its terms. Network-1 further represents and warrants that it has all right, title and interest in the Patent.

(b) PowerDsine USA represents and warrants that it is a corporation in good standing under the laws of New York; that it has the authority to enter into this Agreement and to grant the rights and to incur the obligations set forth herein; and that this Agreement is valid and binding and enforceable in accordance with its terms.

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(c) PowerDsine represents and warrants that it is a corporation in good standing under the laws of Israel; that it has the authority to enter into this Agreement and to grant the rights and to incur the obligations set forth herein; and that this Agreement is valid and binding and enforceable in accordance with its terms.

(d) Each party to this Agreement warrants and represents that it has not heretofore assigned, transferred, hypothecated, or purported to assign, transfer, or hypothecate to any Person not a party hereto, the whole or any part or portion of its claims or rights which constitute matters released or discharged pursuant to this Agreement.

(e) Network-1 represents and warrants that Merlot Communications, Inc., from which the Patent was assigned to Network-1, does not possess any rights under the Patent to sue for and collect damages for infringement thereof.

8. SEC Filings and Press Releases. PowerDsine acknowledges that following the Effective Date, Network-1 will be required to file a Form 8-K with the SEC that will include as an exhibit this Agreement (with exhibits). Prior to the execution hereof, the parties to this Agreement have provided each other with copies of press releases relating to the terms of this Agreement and each party to this Agreement has consented to the issuance of such press releases.

9. Term and Termination.

(a) This Agreement will commence on the Effective Date and will remain in force and effect until terminated. Other than as provided for in Section 9(b), the parties hereto may terminate the Agreement only by mutual written agreement.

(b) In the event any party to this Agreement breaches any provision hereof and fails to cure such breach within ten (10) days of notice thereof, any other party hereto may terminate the Agreement upon written notice to the other parties hereto.

(c) Termination of this Agreement by mutual written agreement of the parties hereto shall not, unless otherwise agreed by the parties, have the effect of terminating, revoking or

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withdrawing the covenants not to sue and other rights and obligations set forth herein with respect to matters prior to the Effective Date and during the Covenant Term up through and including the effective date of termination

hereunder.

10. Miscellaneous.

(a) If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

(b) Network-1, PowerDsine USA and PowerDsine have had the advice of legal counsel in entering into this Agreement, and thus do so in accordance with their own free acts and deeds. The parties to this Agreement have participated jointly in the negotiating and drafting of this Agreement. If an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

(c) Any and all notices, consents, or demands permitted or required to be made or given under this Agreement shall be in writing, signed by the individual giving such notice, consent, or demand and shall be delivered personally or sent by registered or certified mail, return receipt requested, to the other parties hereto at their addresses set forth below:

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To Network-1: Network-1 Security Solutions, Inc.
445 Park Avenue, Suite 1028
New York, NY 10022

Attention: Corey M. Horowitz, Chairman and CEO
Telephone: (212) 829-5770
Facsimile: (212) 829-5771

With copies to: Blank Rome LLP
The Chrysler Building
405 Lexington Avenue
New York, NY 10174

Attention: Daniel J. Brown
Telephone: (212) 885-5000

Blank Rome LLP
600 New Hampshire Avenue, N.W., Suite 1200
Washington, DC 20037

Attention: H. Keeto Sabharwal
Telephone: (202) 772-5932

Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019-6131

Attention: Victor Siber
Telephone: (212) 878-8429
Facsimile: (212) 878-8375

To any PowerDsine Party: PowerDsine, Inc.
290 Broadhollow Road, Suite 305E
Melville, NY 11747

Attention: Igal Rotem, CEO
Telephone: (631) 756-4680
Facsimile: (631) 756-4691

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and PowerDsine, Ltd.
1 Hanagar Street
Hod Hasharon, 45421
Israel

Attention: Igal Rotem, CEO
Telephone: 972-9-775-5100
Facsimile: 972-9-775-5111

With a copy to: Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, CA 90067-4276

Attention: Morgan Chu
Tel: (310) 277-1010
Fax: (310) 203-7199

(d) This Agreement may not be assigned by any party hereto without the express prior written consent of the other parties, except in connection with a merger, acquisition, reorganization or sale of all or substantially all of such party's assets or equity. This Agreement is binding upon and inures to the benefit of the parties hereto, and their permitted assigns. Any transfer, sale, license or assignment of the Patent shall be made subject to the rights granted hereunder.

(e) This Agreement constitutes the entire agreement between the parties to this Agreement with respect to the subject matter hereof and supersedes all previous and contemporaneous negotiations, commitments and agreements, both written and oral, between the parties with respect to such subject matter. Except for the provisions of Sections 3 through 6, nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give to any Person, other than the parties to this Agreement and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

(f) This Agreement may be executed in separate counterparts, each of which shall be considered an original but all of which will constitute one agreement.

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(g) THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE POWERDSINE PARTIES AND NETWORK-1 HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY COURT OF THE STATE OF NEW YORK LOCATED IN THE COUNTY OF NEW YORK IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING BROUGHT BY A POWERDSINE PARTY(IES) AND/OR NETWORK-1 TO ENFORCE THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT BY SUCH PARTY TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN SUCH COURT (AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS OR ANY OTHER OBJECTION TO VENUE THEREIN); PROVIDED, HOWEVER, THAT SUCH CONSENT TO JURISDICTION IS SOLELY FOR THE PURPOSE REFERRED TO IN THIS SECTION 10(G) AND SHALL NOT BE DEEMED TO BE A GENERAL SUBMISSION TO THE JURISDICTION OF SAID COURTS OR IN THE STATE OF NEW YORK OTHER THAN FOR SUCH PURPOSE AND SHALL NOT APPLY WITH RESPECT TO, OR BE DEEMED TO INDICATE THE INTENT OF ANY PARTY HERETO WITH RESPECT TO, ANY ACTION BROUGHT BY OR AGAINST ANY PERSON(S) EACH OF WHOM IS NOT A PARTY TO THIS AGREEMENT. Any and all process may be served in any action, suit or proceeding arising in connection with this Agreement by complying with the provisions of Section 10(c). Such service of process shall have the same effect as if the party being served were a resident in the State of New York and had been lawfully served with such process in such jurisdiction. The parties hereby waive all claims of error by reason of such service. Nothing herein shall affect the right of any party to service process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the other in any other jurisdiction to enforce judgments or rulings of the aforementioned courts.

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IN WITNESS WHEREOF, each of the parties has caused two original copies of this Agreement to be executed on its behalf by its duly authorized officer as of the Effective Date.

NETWORK-1 SECURITY SOLUTIONS, INC.

By: /s/ Corey M. Horowitz

Corey M. Horowitz
Chairman and Chief Executive Officer

POWERDSINE, INC.

By: /s/ Igal Rotem

Igal Rotem
Chief Executive Officer

POWERDSINE, LTD.

By: /s/ Igal Rotem

Igal Rotem
Chief Executive Officer

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EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

PowerDsine, Inc.,)
))
Plaintiff,))
) Civil Action No.
v.))
) No. 04-CV-2502
)
Network-1 Security Solutions, Inc.,)
)
)
Defendant.))
)

AGREEMENT RELATED TO SETTLEMENT AND DISMISSAL

This cause coming before the Court on the Joint Motion for Entry of Agreement Related to Settlement and Dismissal of the plaintiff, PowerDsine, Inc. ("PowerDsine"), and the defendant, Network-1 Security Solutions, Inc. ("Network-1"), final judgment is entered as follows:

IT IS HEREBY ADJUDGED AND DECREED:

- 1. This Court has jurisdiction over the parties and the subject matter pursuant to 35 U.S.C. ss.1338;
- 2. The cause of action is dismissed with prejudice, PROVIDED, HOWEVER, that PowerDsine expressly reserves its right, in any future litigation regarding U.S. Patent No. 6,218,930 in which PowerDsine is a defendant or has been joined as a party (in either case, other than through PowerDsine's own action to voluntarily become such a party), to assert any noninfringement and/or invalidity counterclaims and/or defenses related to such action;

3. The parties shall bear their own costs of this action, and all rights of appeal are waived; and

4. All relief not expressly granted herein is denied.

EXHIBIT A

EXECUTION COPY

Signed this _____ day of _____, 2005.

United States District Judge

The parties hereby agree to entry of the foregoing Agreement Related to Settlement and Dismissal as a final judgment in this action.

Network-1 Security Solutions, Inc., PowerDsine, Inc.,
By its attorneys, By its attorneys,

Daniel J. Brown (DB-7458)
Blank Rome LLP
The Chrysler Building
405 Lexington Avenue
New York, NY 10174
Tel: (212) 885-5000

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Morrison & Foerster LLP
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Dated: _____, 2005

EXHIBIT A

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EXHIBIT 10.1

EXECUTION COPY

EXHIBIT B

POWERDSINE INTEGRATED CIRCUIT PRODUCTS

All stock keeping units corresponding to the following IC products.

PRODUCT	DESCRIPTION
PD64012	12-channel Power-over-Ethernet Manager integrated circuit ("Ron" chip)
PD64004	4-channel Power-over-Ethernet Manager integrated circuit
PD64008	8-channel Power-over-Ethernet Driver integrated circuit ("Ido" chip)
PD33000	PoE+ Controller
PD63000	8-bit Microcontroller Unit
PDIC66000	16-bit Microcontroller Unit

PD65008	8-port Power-over-Ethernet SIP Driver
PD66000	Power-over-Ethernet SIP Controller
PD65008-DIMM	8-port Power-over-Ethernet DIMM Driver
PD66000-DIMM	Power-over-Ethernet DIMM Controller
PD67012M	12-port Power-over-Ethernet Master DIMM
PD67024M	24-port Power-over-Ethernet Master DIMM
PD67024S	24-port Power-over-Ethernet Slave DIMM
PD-IM-7024	Power-over-Ethernet Power Module
PD-IM-7124	24-port Power-over-Ethernet SIP
PD-IM-7148	48-port Power-over-Ethernet SIP
PD IM-4024	Integrated 24P/48V Daughter Board
PD-IM-6024	Integrated 24P/ 48V Daughter Board

EXHIBIT B

EXHIBIT 10.1

EXECUTION COPY

EXHIBIT C

POWERDSINE MIDSPAN PRODUCTS

All stock keeping units corresponding to the following midspans, including but not limited to different part numbers related to alternative power sources and levels of management functionality.

PRODUCT	DESCRIPTION
PD-6001	1-port Power-over-Ethernet midspan
PD-6006	6-port Power-over-Ethernet midspan
PD-6012	12-port Power-over-Ethernet midspan
PD-6024	24-port Power-over-Ethernet midspan
PD-3001	1-port Power-over-Ethernet midspan
PD-3006	6-port Power-over-Ethernet midspan
PD-3012	12-port Power-over-Ethernet midspan
PD-4001	1-port Power-over Ethernet midspan
PD-4006	6-port Power-over-Ethernet midspan
PD-4012	12-port Power-over-Ethernet midspan
PD-4024	24-port Power-over-Ethernet midspan
PD-6548	High Density, Condensed 48-port Power over Ethernet Midspan
PD-8001	1-port Power-over Ethernet midspan
PD-8006	6-port Power-over-Ethernet midspan
PD-8012	12-port Power-over-Ethernet midspan

PD-401	Low Voltage Power-over-Ethernet splitter
PD-601	18-Volt Power-over-Ethernet splitter
PD-801	High Voltage Power-over-Ethernet splitter
PD-6006G	6-port Power-over-Gigabit Ethernet midspan
PD-6012G	12-port Power-over-Gigabit Ethernet midspan
PD-6024G	24-port Power-over-Gigabit Ethernet midspan

EXHIBIT B

FOR IMMEDIATE RELEASE

COREY M. HOROWITZ, CHAIRMAN AND CEO
NETWORK-1 SECURITY SOLUTIONS, INC.
212-829-5770

NETWORK-1 AND POWERDSINE SETTLE PATENT LITIGATION

NEW YORK, NOVEMBER 17, 2005-- Network-1 Security Solutions, Inc. (OTCBB: NSSI.OB) today announced that it has entered into a Settlement Agreement with PowerDsine, Inc. (NASDAQ: PDSN) and PowerDsine Ltd. which dismisses, with prejudice, a civil action brought by PowerDsine in the United States District Court for the Southern District of New York that sought a declaratory judgment that U.S. Patent No. 6,218,930 (the "Remote Power Patent") owned by Network-1 was invalid and not infringed by PowerDsine and/or its customers.

Under the terms of the Settlement Agreement, Network-1 has agreed that it will not initiate litigation against PowerDsine for its sale of Power over Ethernet (PoE) integrated circuits. In addition, Network-1 has agreed that it will not seek damages for infringement from customers that incorporate PowerDsine integrated circuit products in PoE capable Ethernet switches manufactured on or before April 30, 2006. PowerDsine has agreed that it will not initiate, assist or cooperate in any action or litigation against Network-1 relating to the validity or infringement, if any, by PowerDsine or its customers of the Remote Power Patent. The Remote Power Patent was granted on April 11, 2001 and expires on March 11, 2020.

Network-1 also agreed that it will not initiate litigation against PowerDsine or its customers for infringement of the Remote Power Patent arising from the manufacture and sale of PowerDsine Midspan products for three years following the dismissal date. Following such three year period, Network-1 may seek damages for infringement of the Remote Power Patent from PowerDsine or its customers with respect to the purchase and sale of Midspan products beginning 90 days following the dismissal date.

No licenses to use the technologies covered by the Remote Power Patent were granted to PowerDsine or its customers under the terms of the settlement. Network-1 is currently offering licenses to the Remote Power Patent to all vendors of Power over Ethernet equipment. For the full terms of the settlement with PowerDsine, see the text of the Settlement Agreement which has been filed as an exhibit to Network-1's Current Report on Form 8-K which was filed today with the SEC.

"This Settlement with PowerDsine, the technology market leader and major contributor to the development of the Power over Ethernet Standard, is welcomed by Network-1 in that it eliminates the distraction created by this litigation and advances

Network-1 intentions to license the Remote Power Patent to manufacturers and suppliers of finished PoE system products and not suppliers of semiconductor components used in such systems." commented Corey M. Horowitz, Chairman and Chief Executive Officer of Network-1.

The Company's Remote Power Patent relates to, among other things, several key technologies underlying the IEEE 802.3af Power Over Ethernet (PoE) standard that was approved on June 13, 2003 by the Institute of Electrical and Electronic Engineers (IEEE) (the Standard). The Standard governs the delivery of Power over Ethernet cables in order to power network connected devices including, among others, VoIP phones, wireless LAN access points and IP network cameras.

ABOUT NETWORK-1 SECURITY SOLUTIONS, INC.

Network-1 Security Solutions, Inc. is engaged in the acquisition, development, licensing and protection of its intellectual property and proprietary technologies. As part of its business strategy it is offering licenses to third parties who Network-1 believes could benefit from the technologies covered by

its patents. In February 2004, the Company initiated its licensing efforts relating to its patent (U.S. Patent No. 6,218,930) covering the remote delivery of power over Ethernet cables.

THIS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ADDRESS FUTURE EVENTS AND CONDITIONS CONCERNING THE COMPANY'S BUSINESS PLANS. SUCH STATEMENTS ARE SUBJECT TO A NUMBER OF RISK FACTORS AND UNCERTAINTIES AS DISCLOSED IN THE COMPANY'S QUARTERLY REPORT ON FORM 10-QSB FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 INCLUDING, AMONG OTHERS, THE ABILITY OF NETWORK-1 TO OBTAIN LICENSE AGREEMENTS FROM THIRD PARTIES FOR ITS PATENT PORTFOLIO, UNCERTAINTY OF PATENT LITIGATION, THE COMPANY'S ABILITY TO ACHIEVE REVENUES AND PROFITS FROM ITS PATENT PORTFOLIO, THE COMPANY'S ABILITY TO RAISE CAPITAL WHEN NEEDED, FUTURE ECONOMIC CONDITIONS AND TECHNOLOGY CHANGES AND LEGISLATIVE, REGULATORY AND COMPETITIVE DEVELOPMENTS. EXCEPT AS OTHERWISE REQUIRED TO BE DISCLOSED IN PERIODIC REPORTS, THE COMPANY EXPRESSLY DISCLAIMS ANY FUTURE OBLIGATION OR UNDERTAKING TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN.