Digimarc CORP
Form 4
October 22, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
MCCONNELL MICHAEL

(Last) (First) (Middle)

9405 SW GEMINI DRIVE

(Street)

BEAVERTON, OR 97008

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Digimarc CORP [DMRC]

3. Date of Earliest Transaction (Month/Day/Year)
10/20/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/20/2010		M		50,000	A	$ 9.64	95,632	D	
Common Stock	10/20/2010		F(1)		28,209	D	$ 29.71	67,423	D	
Common Stock	10/21/2010		S		10,386	D	$ 29.29 (2)	57,037	D	
Series A Redeemable Nonvoting Preferred								2,500	D	

Stock

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	$ 9.64	10/20/2010		M			50,000	10/21/2010(3)	10/30/2018	Common Stock	
Non-Qualified Stock Option (right to buy)	$ 14.99							(4)	01/02/2020	Common Stock	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCCONNELL MICHAEL 9405 SW GEMINI DRIVE BEAVERTON, OR 97008			Chief Financial Officer	

Signatures

By: Robert Chamness For: Michael McConnell	10/22/2010
**Signature of Reporting Person	Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares of the exercised option were traded back to the company to cover the option price and tax liability.

(2)

The price reported in Column 4 is a weighted average price. These shares wer sold in multiple transactions at prices ranging from $29.00 to $29.53. The reporting person undertakes to provide to Digimarc Corp, any security holders of Digimarc Corp, or to the SEC upon request, full information regarding the number of shares sold at each separate price with the range set forth on this Form 4

(3) Option becomes exercisable in monthly installments over beginning on the date of grant.

(4) The shares shall vest and become exercisable with repect to 1/48th of the total number of shares granted on each monthly anniversary of the date of grant so that all shares subject ot the stock option shall be fully vested and exercisable by the end of a four-year period.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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