

Digimarc CORP
 Form 4
 October 22, 2010

FORM 4

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

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).

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
CHAMNESS ROBERT

(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
 Officer (give title below) ___ Other (specify below)
 Chief Legal Officer

6. Individual or Joint/Group Filing (Check Applicable Line)
 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 | | 67,083 | A | \$ 9.64 |
| Common Stock | 10/20/2010 | | F(1) | | 38,996 | D | \$ 29.71 |
| Common Stock | 10/20/2010 | | M | | 3,750 | A | \$ 14.99 |
| Common Stock | 10/20/2010 | | F(1) | | 2,737 | D | \$ 29.71 |
| Common Stock | 10/21/2010 | | S | | 444 | D | \$ 29 |

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| | | | | | | | | |
|---|------------|--|---|--------|---|----------------------|--------|---|
| Common Stock | 10/22/2010 | | S | 10,000 | D | \$ 28.5553 (2) | 63,989 | D |
| Series A Redeemable Nonvoting Preferred Stock | | | | | | | 2,500 | D |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02)

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 Underlying Security (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| Non-Qualified Stock Option (right to buy) | \$ 9.64 | 10/20/2010 | | M | 67,083 | 10/21/2010 ⁽³⁾ 10/30/2018 | Common Stock | |
| Non-Qualified Stock Option (right to buy) | \$ 14.99 | 10/20/2010 | | M | 3,750 | 10/21/2010 ⁽⁴⁾ 01/02/2020 | Common Stock | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------------------|-------|
| | Director | 10% Owner | Officer | Other |
| CHAMNESS ROBERT 9405 SW GEMINI DRIVE BEAVERTON, OR 97008 | | | Chief Legal Officer | |

Signatures

Robert
Chamness

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.

The price reported in Column 4 is a weighted average price. These shares wer sold in multiple transactions at prices ranging from \$28.23

(2) to \$29.00. 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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