FILE NAME: Flintkote (FLK)

DATE: 1971 Nov 1

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DOCUMENT DESCRIPTION: Agreement with Johns Manville Corp. with Cover Letter

THE FLINTKOTE COMPANY

INTER-OFFICE CORRESPONDENCE

TO: Mr. J. D. Moran
White Plains

SUBJECT: Johns-Manville License Agreement re Asbestos Cement Pipe

FROM: J. L. Tomaselli
White Plains

DATE: November 1, 1971

Enclosed is a photocopy of the fully executed license agreement with J-M with regard to asbestos cement pipe. This replaces, as of January 1, 1971, the earlier license agreement dated March 24, 1960.

This agreement provides that we must send J-M a statement of account and a royalty check under the 1960 agreement for the fourth quarter of 1970 by December 1, 1971 (30 days after the November 1, 1971 execution date). Also by December 1, 1971 we must send J-M statements of account and a royalty check for the first three quarters of 1971 under the new agreement. By copies of this memorandum, we are requesting that Mr. Perry and Mr. Finn arrange to forward the required statements of account and royalty checks to J-M prior to the December 1, 1971 deadline. For their information, we are enclosing a proposed royalty reporting form under the new agreement.

The major differences between this new license agreement and the 1960 agreement are set forth below:

1. A flat 1% royalty rate on "net sales value" vs. the 3% or 1-1/2% royalty rate in the 1960 agreement with a maximum annual royalty of $75,000.00. Based on our 1969 production when royalties paid under the old agreement were about $234,000.00, the royalties at 1% would have been about $85,000.00 or higher than the $75,000.00 maximum. Our savings in 1969 if the new agreement had been in force would have been about $159,000.00.

2. Under the new agreement J-M will provide us with technical assistance until December 31, 1973.

3. Under the new agreement we can add certain J-M patents to the "licensed patents" with no additional royalty. Also, the new agreement includes a number of J-M patents, some of which J-M alleged we were infringing, that were not included in the 1960 agreement.

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THE FLINTKOTE COMPANY

INTER-OFFICE CORRESPONDENCE

4. The new agreement does not include any minimum annual royalty whereas the 1960 agreement included a $25,000.00 minimum annual royalty.

5. The new agreement provides that we can terminate at any time and for any reason on 90 days' written notice.

6. The "favored nations" clause in the new agreement provides that our maximum royalty is 1/2 of any other licensed party's royalty if we agree to the same license agreement, rather than the equal royalty "favored nations" clause in the 1960 agreement.

7. Under the new agreement we must pay royalties on the "net sales value" of rubber rings that are covered, or are included in couplings covered, by any of the "licensed patents". Although J-M never agreed to our interpretation of the 1960 agreement, we have not paid royalties on the rubber rings and we should not for the fourth quarter of 1970. Assuming that our royalties are lower than the $75,000.00 maximum, the extra royalties in 1969, at the 1% royalty rate, for rubber rings would have been about $7,000.00.

Within 60 days after we have made the royalty payments for the last quarter of 1970 and the first three quarters of 1971 required by the new agreement, J-M is required to withdraw the complaint in the pending lawsuit in Ohio.

Should there be any questions regarding the new agreement, please let us know.

JLT:am
Enclosure

cc: Messrs. G. G. Curry; W. Finn, w/enc.; W. E. Haines, w/enc.; A. R. Perry, w/enc.; J. A. Rishel, Jr., w/enc; H. Taylor, w/enc.; R. D. Spille, Esq., w/enc

9/22/71

AGREEMENT

THIS AGREEMENT, effective as of the 1st day of January, 1971, by and between JOHNS-MANVILLE CORPORATION, a New York corporation, having a place of business at 22 East 40th Street, New York, New York 10016 (hereinafter referred to as "J-M"), and THE FLINTKOTE COMPANY, a Massachusetts corporation, having a place of business at 400 Westchester Avenue, White Plains, New York 10604 (hereinafter referred to as "FLINTKOTE");

W I T N E S S E T H :

WHEREAS J-M and FLINTKOTE entered into a License Agreement as of the 24th day of March, 1960 and a Supplemental License Agreement as of the 7th day of November, 1963 (hereinafter collectively referred to as "Former License Agreement"); and

WHEREAS a controversy between the parties arose under the Former License Agreement, as a result of which the Former License Agreement was terminated as of March 20, 1971 and Civil Action No. C71-294 was filed by J-M against FLINTKOTE on March 26, 1971 in the Northern District of Ohio, Eastern Division (hereinafter referred to as "Lawsuit"); and

WHEREAS the parties desire to amicably resolve the controversy and settle the issues involved in the Lawsuit;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions herein contained, J-M and FLINTKOTE have agreed and do hereby agree as follows:

1. As used in this Agreement, the following terms shall be deemed to have the following meanings:

(a) "Licensed Patents" shall mean the United States Letters Patent listed on Schedule A, attached hereto and made a part hereof, United States Letters Patent added to Schedule A from time to time, pursuant to Article 2, United States Letters Patent maturing from any application added from time to time to Schedule A pursuant to Article 2 or from any continuation or division of any such application, and any reissue, renewal or extension of any such Letters Patent. A patent shall cease to be a Licensed Patent when its term expires. In the event any claim or claims of a Licensed Patent shall, in an infringement action, be held invalid or not infringed by a court of competent jurisdiction in a final decision from which no appeal is or can be taken or certiorari granted, then, effective as of the date of such final decision, the claim or claims shall, for purposes of this Agreement, be considered stricken from the Licensed Patent, if held invalid, or accordingly limited in scope, if held not infringed.

(b) "Licensed Products" shall mean products falling within the scope of one or more claims of one or more Licensed Patents, or produced through the use of a method or apparatus falling within the scope of one or more such claims, such term including, without limitation, asbestos-cement tubular goods and sealing rings used in connection with joints or couplings falling within the scope of one or more Licensed Patents or produced through the use of a method or apparatus falling within the scope of one or more such claims.

(c) In respect of sales of Licensed Products, "Net Sales Value" shall mean the amounts billed or charged to customers (distributors or consumers as the case may be) by FLINTKOTE by reason of such sales, less discounts, shipping or delivery expenses, allowances for returns, and duties and sales taxes, insofar as such items are included in the amount billed or charged and are paid or allowed by FLINTKOTE. In respect of use of Licensed Products, "Net Sales Value" shall mean FLINTKOTE'S minimum established selling price, at the time of use, to distributors or direct to consumers, whichever is larger, for an equal quantity of the specific Licensed Product used, or, in the event there is no established selling price for the used Licensed Product, then FLINTKOTE'S actual factory cost of production according to FLINTKOTE'S usual accounting methods, plus 66-2/3% of such factory cost. Licensed Products shall be considered sold when billed out, or if not billed out, when shipped or delivered to the customer. Licensed Products shall be considered used by FLINTKOTE when set aside for FLINTKOTE'S own use or benefit or when transferred by FLINTKOTE to any third party under circumstances other than bona fide arm's length sale, and the time of use shall be the time of such setting aside or transferring.

It is understood that the definitions set forth herein shall serve to define or limit the scope of this Agreement only and shall not be construed as defining or limiting the scope of any Letters Patent.

2. J-M hereby grants to FLINTKOTE, subject to the terms, covenants, conditions and limitations hereinafter set forth, a non-exclusive, nontransferable, indivisible right and license under the Licensed Patents to manufacture and to use and to sell Licensed Products as defined in Article 1, paragraph (b) above.

FLINTKOTE is not entitled to grant sub-licenses to others hereunder and agrees not to attempt directly or indirectly so to do, but the license herein granted shall extend to FLINTKOTE'S wholly-owned subsidiary companies and divisions and FLINTKOTE hereby guarantees the observance and performance by any such subsidiary or division of all obligations and duties imposed upon FLINTKOTE under the provisions of this Agreement.

The license herein granted conveys no right to FLINTKOTE to use or register any trademarks or trade names of J-M, or to use the name of J-M in any manner whatsoever in connection with the use or sale of Licensed Products hereunder, without the prior approval of J-M. Nothing in this Agreement shall be construed as conveying to FLINTKOTE, either expressly or by implication, any right under any Letters Patent of J-M, either domestic or foreign, other than the Licensed Patents, or any right to manufacture or to use or to sell products other than Licensed Products.

J-M agrees to give FLINTKOTE prompt written notice of the filing of any application for United States Letters Patent, the issuance of any United States Letters Patent, or the acquisition of any application for United States Letters Patent or any United States Letters Patent, any claim of which Letters Patent or application for Letters Patent reads on technology disclosed to FLINTKOTE in accordance with Article 3, below, and FLINTKOTE shall have the right to add any such application or Letters Patent to Schedule A.

3. At a mutually acceptable time (or times) after the execution of this Agreement, technically competent representatives of J-M shall discuss with representatives of FLINTKOTE technology which in the opinion of such J-M representatives would assist FLINTKOTE in improving its manufacture and design of asbestos-cement tubular goods and couplings therefor, such discussions to include a visit to a FLINTKOTE plant at which such products are produced, such plant to be designated by FLINTKOTE, and a visit to a J-M plant at which such products are produced, such plant to be designated by J-M. Such visits may be held not more than once each year for each calendar year through 1973. The J-M technology to be disclosed to FLINTKOTE shall relate to the technology employed by J-M in the manufacture of asbestos-cement tubular goods and couplings therefor as of the date of execution of this Agreement and shall include improvements in such technology made by J-M prior to December 31, 1973, the practice of which improvements falls within the scope of one or more claims of a Licensed Patent.

The parties agree that all information obtained under this Article 3 shall be maintained in confidence by the receiving party unless such information was previously known to the receiving party, is subsequently disclosed to the receiving party by a third party without any obligation to maintain it confidential, or is or becomes public knowledge.

Each party agrees to indemnify, and to hold free and harmless, the other party and wholly-owned subsidiaries of the other party, from any claims or liability with respect to personal injuries or death of employees or representatives of the indemnitor or its subsidiaries or affiliates while such employees or representatives are in the plant or on the premises owned or occupied by the other party or its subsidiaries or affiliates.

4. FLINTKOTE agrees to pay to J-M, by reason of manufacture and use or sale of Licensed Products from January 1, 1971, and thereafter during the continuation in force of this Agreement running royalties of one percent (1%) of the Net Sales Value of Licensed Products used or sold by or for FLINTKOTE; provided, however, that FLINTKOTE shall not be required to pay royalties hereunder of more than Seventy-Five Thousand Dollars ($75,000.00) in any calendar year.

5. On or before the 30th day of each January, April, July and October, during the continuation in force of this Agreement and on the last day of the month following the month which includes the termination date of this Agreement, FLINTKOTE shall deliver to J-M a written statement of account, in such form as may be prescribed by J-M, setting forth the Net Sales Value of Licensed Products used and sold by or for FLINTKOTE hereunder during the preceding quarter calendar year or portion thereof, said statement of account to be accompanied by a check for the amount of royalties payable by FLINTKOTE to J-M, calculated in accordance with Article 4.

6. FLINTKOTE agrees to keep full, true and accurate records and books of account of all Licensed Products manufactured

and used or sold by or for FLINTKOTE, which records and books of account shall be in sufficient detail to establish the correctness of FLINTKOTE'S reports and payments hereunder, and to which records and books of account, J-M, through certified public accountants of its own selection or employees of such accountants, as its duly accredited representatives, shall have access no more than once in each year during reasonable business hours for the purpose of determining, at J-M's expense, the accuracy of FLINTKOTE'S reports and payments hereunder, it being understood that should any such representative discover information indicating inaccuracy in any of FLINTKOTE'S reports or payments, he shall have the right, at J-M's expense, to make and retain copies (including photocopies) of any pertinent portions of the records and books of account.

7. This Agreement shall continue in force until the expiration of the last to expire of Licensed Patents unless terminated earlier as herein provided.

FLINTKOTE shall have the right to terminate this Agreement in its entirety at any time on Ninety (90) days' written notice to J-M or to terminate this Agreement as to any one or more of Licensed Patents by written notice to J-M to delete such Licensed Patent or Licensed Patents from Schedule A.

J-M shall have the right to terminate this Agreement at any time hereafter in the event of default by FLINTKOTE in the due observance or performance of any covenant or condition herein required to be observed and performed by FLINTKOTE, provided that

FLINTKOTE shall not have rectified its alleged default within Thirty (30) days after receipt from J-M of written notice specifying the nature of such default. In the event of insolvency or bankruptcy of FLINTKOTE, or the appointment of a temporary or permanent receiver of all, or substantially all, of the property of FLINTKOTE relating to, or utilized in performing operations herein licensed, this License Agreement and all rights of FLINTKOTE hereunder shall _ipso_ _facto_ cease and determine. Failure by J-M to exercise any of its rights under this Article 7 shall not constitute or be construed as a condonation of any default by FLINTKOTE or a waiver of any of J-M's rights or remedies under this Agreement.

Termination or cancellation of this Agreement for any reason shall not relieve either party of any obligation arising under this Agreement which shall have accrued prior to such termination or cancellation.

8. J-M agrees that if it should hereafter grant to any third party other than the United States Government, or any agency or division thereof, a different license under any of the Licensed Patents, at a royalty rate less than twice the royalty rate provided herein, to manufacture and to use or to sell Licensed Products, J-M shall notify FLINTKOTE thereof in writing, providing FLINTKOTE with a copy of the pertinent terms of said different license, and will, if requested in writing by FLINTKOTE within Sixty (60) days from the date of such notice, replace the license herein granted with one providing for payments by FLINTKOTE at one-half of such

by Article 5 of this Agreement for the first and second quarters of 1971 and shall simultaneously deliver a check for the running royalties due to J-M for such first and second quarters under this Agreement.

10. Within Sixty (60) days of delivery by FLINTKOTE to J-M of the statements of account and checks, as provided for in Article 9 hereof, J-M shall withdraw the Complaint of the Lawsuit in the District Court for the Northern District of Ohio, Eastern Division.

11. This Agreement is non-transferable and non-assignable by FLINTKOTE, either by act of FLINTKOTE or by operation of law, other than to successors to substantially the entire good will and business of FLINTKOTE in the field of asbestos-cement tubular goods.

12. Any notices permitted or required hereunder shall be in writing and shall be deemed sufficiently given when hand delivered to the other party or when sent to the other party, postage prepaid, by first class, certified or registered mail to the address of the other party specified above or at such other address as the other party has previously substituted therefor in writing.

13. Excepting only formal written agreements executed hereafter or concurrently herewith, this Agreement sets forth the entire agreement and understanding between the parties respecting the Licensed Patents and the Licensed Products, and merges or supersedes all prior discussions, proposals, offers and agreements, if any, with respect thereto.

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14. The law of the State of New York shall govern this Agreement as to all matters, including specifically but not exclusively, matters of interpretation, performance and limitations, insofar as such law is existent or applicable and can or will be applied in the jurisdiction in which either party may seek an adjudication of any such matter.

IN WITNESS WHEREOF each of the parties has caused its corporate name to be signed and its corporate seal to be affixed hereunto by its proper officers thereunto duly authorized and has made delivery to the other party as of the day and year first above written, each of the parties retaining a copy.

JOHNS-MANVILLE CORPORATION

ATTEST:

By J. H. McKinney
Vice-President

B. Saltonstall
Assistant Secretary

THE FLINTKOTE COMPANY

ATTEST:

By [illegible]
President

Gene G. Curry
Secretary

SCHEDULE A

Patents

Inventor	No.	Date of Issue
Ramm	2,892,750	June 30, 1959
Fourmanoit	2,929,447	Mar. 22, 1960
Colliva	2,977,276	Mar. 28, 1961
Whelan	2,992,157	July 11, 1961
Swensen	3,000,776	Sept. 19, 1961
Colliva	3,003,553	Oct. 10, 1961
Sfiscko et al	3,095,346	June 25, 1963
Kazienko	3,120,967	Feb. 11, 1964
Stelchek	3,133,702	May 19, 1964
Kazienko	3,137,509	June 16, 1964
Claessens	3,144,378	Aug. 11, 1964
Herbert et al	3,193,450	July 6, 1965
Rice	3,212,799	Oct. 19, 1965
Kazienko	3,219,354	Nov. 23, 1965
Hucks	3,219,472	Nov. 23, 1965
French	3,227,476	Jan. 4, 1966
Melichar et al	3,250,669	May 10, 1966
Melichar et al	3,250,670	May 10, 1966
Chi-Sun Yang	3,269,888	Aug. 30, 1966
La Badie	3,271,236	Sept. 6, 1966
Hucks	3,288,171	Nov. 29, 1966
Corsano	3,291,156	Dec. 13, 1966
Adams	3,327,032	June 20, 1967
Daniel	3,368,011	Feb. 6, 1968
French	3,368,830	Feb. 13, 1968
De Long	3,368,936	Feb. 13, 1968
Quint et al	3,369,066	Feb. 13, 1968
Adams	3,382,309	May 7, 1968
Gillis et al	3,388,039	June 11, 1968
Thomas et al	3,403,206	Sept. 24, 1968
Hucks	3,415,544	Dec. 10, 1968
Stelchek	3,416,995	Dec. 17, 1968