

GRACE

CONSTRUCTION PRODUCTS DIVISION

WRG 001168

PLAINTIFF'S
EXHIBIT
WRG-641

January 4, 1972

03636355

TO: Zonolite Regional Managers
Zonolite Product Managers

RE: Royalty Payments and Receipts

CONFIDENTIAL

c.c. B. R. Williams
H. A. Brown
John F. Murphy
O. M. Favorito
G. A. Tierney
R. W. Sterrett/Zono-Atlanta
R. M. Vining
K. W. Harrison

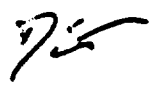
As a result of a review just completed of existing licensing agreements between Grace, on behalf of Zonolite, and other firms and individuals, it has been decided that the management of royalty agreements, at least as it pertains to royalty income and payments, should be centralized. I have been designated to do this.

Attached is a listing of the various royalty agreements which are known to us in Cambridge. Will you please review it for accuracy and completeness.

If you have any comments on the list, additions or deletions which should be made, please send them in to me.

Note also that, as stated in the CPD Policy Guide 304, only the President of the Division has the authority to execute an agreement to license a CPD patent or one belonging to another firm.

Thanks for your cooperation.


R. I. Morris

RIM/BLD
Attachment

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ZONOLITE AGREEMENTS

The following agreements are still in force:

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This is the standard agreement allowing the use of the patent and trademarks. Payments, at \$.005 per cubic foot, are to be made quarterly and the contract is an evergreen one. There is nothing in the legal file indicating this agreement was terminated. We are not getting payments.

2. Vermiculite Products, Inc. - January, 1966

The same comments apply.

3. F. Hyde & Co. Ltd. - 1966 - Ontario and Quebec

Sales Agreement

Minimum 3,500 tons in contract year; evergreen.

Patent Agreement

1/2 cent (\$.005) per cubic foot made by Hyde, less applicable withholding taxes to be paid by Zonolite on royalties remitted. Minimum \$750. Payment each calendar quarter. We are getting payments.

Trademark Agreement

Exclusive for territory. No payments.
Licensee to furnish at least once each year a sample of each and every product it markets and sells under any of the trademarks.

(Continued)

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A. - F. Hyde & Co. Ltd. (continued)Redi-Earth - License Agreement

Use of Trademark.

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Agrees to furnish at least once a year sample of product.
Evergreen.4. Cleveland Builders Supply Company - 1961Agreement covers manufacture, sales and license under
the patent.

Payment \$.005 per cubic foot. Minimum \$100.

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There is a note in the legal file that Cleveland Builders
bought out Archer-Daniels with whom we had a similar
agreement (1959). There is a further note that Cleveland
Builders is now Cleveland Gypsum Company. No changes in
anyway reflecting this situation appear in this contract.
We are getting payments.5. Vermiculite of Hawaii - 1965 Extension by LetterThe original agreement was signed in 1960. It granted license
to manufacture and sell. Also licensed to use the trademarks.

Minimum purchase - 500 tons per year.

No Payment.

Evergreen.

There is also an agreement (1959) which licensed them to manufacture
at a royalty of \$.005 per cubic foot. It required quarterly
payments. The minimum annual total was \$100. Although a
new agreement was drawn up in 1967, it apparently was never
signed. We are not getting payments.6. B. F. Nelson - 1967

Agreement covers manufacture at a royalty of \$.005 per cubic foot.

Payment due quarterly.

Minimum annual payment is \$500.

Evergreen.

We are not getting payments.

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Agreement covers manufacture and sale.

Royalty payment of \$.005 per cubic foot, payable quarterly.

Minimum payment is \$100 per year.

There is also a trademark license with no royalty required.

Evergreen.

We are getting payments.

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Use of Zonolite in Mexico.
No Payment.
To submit periodically samples of product.
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No minimum order/annual requirement.
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Sales Agreement.
Trademark covered.
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Antilles Perlite may now have responsibility.
This contract is no longer in effect per R. W. Sterrett.
Legal has not been formally advised.
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Minimum purchase 825 tons.

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No payment.
Furnish sample of each product once-a-year.
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Manufacture and sales license.
Minimum 500 tons per year.
Right to use trademarks.
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Minimum purchase - 500 tons per year.
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Each of these was terminated by letter 10/28/64, by Bishop with statement that new contracts would be forthcoming. In March, 1965, Kelley wrote extending the earlier agreements until a new contract was ready. New drafts were prepared in 1967 but there are no signed ones in the legal file.

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Royalty - \$.005 per cubic foot.
Payable quarterly.
Minimum payment \$500 annually.
Evergreen.
We are getting payments.

16. Soclima (S. Carrasco S.A.C.) - 1950 (Chile)

Exclusive license for Chile to manufacture and sell.
Agrees to buy all vermiculite from Zonolite.

Trademark

No payment.
Minimum - 4 carloads annually.
Evergreen.
Beauregard has nothing on this.

- B. - These are a miscellaneous grouping of agreements wherein Grace is committed to royalty payments.

1. American Flotation Corp. - 1971

Exclusive world-wide license for manufacture and sale of material produced, except for two situations.

Royalties to be paid by Grace:

- a. 1-1/2% on first \$1,700,000 of total net sales.
- b. 1% on total net sales over \$1,700,000.

Initial fee - \$5,000 after execution of agreement, fully creditable against running royalties for remainder 1971 and calendar year 1972. If royalties are less than shown below, Grace must pay difference in 90 days or lose exclusivity.

1972 - \$ 7,500

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1974 - 15,000

1975 - 17,500

1976 - 20,000

1977, 1978, 1979 - Grace to pay running royalty and 1%. No royalty after 1979, converts to paid-up exclusive for life of patents.

Grace reports within 90 days of each 12-month period. No records in Cambridge. West Coast handles this.

2. Societe La Vermiculite - 1970

Wallboard license to Zonolite (W. R. Grace & Co.) to manufacture and sell "Pannofeu" and Vicucelle wallboard and adhesive products.

Payments - \$40,000 on signing.

Royalty 1% of net sales value of all licensed products.

Reports by Grace within 60 days after close of first half and second half of each contract year.

Minimum \$10,000/year.

Expires 1975.

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Option to acquire rights and a license to technique of encapsulating seed using die-forming method in which vermiculite is impregnated with polyvinyl acetate, etc. Terms of option extended to December 31, 1971. K. W. Harrison negotiating.

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License under National's patents (U.S. and Canadian) covering spray plaster for application over metal. Payment - \$2,000 annually as pre-payment royalty, payable on anniversary date of execution (January 28, 1970). If Zonolite sublicenses, it must pay 75% of the total royalties collected. Royalty report to National on or before 30th day following each quarter setting quantities made or used by sub-licensees. Term - Life of Patent. We are current on this.

5. Berner Industries - 1968

Beadboard Agreement. License to Grace under Berner patents on molding expandable thermoplastic beads.

U.S.--Grace pays 0-25 million bd. ft. -- 1.5% of net selling price
25 million+ " " -- 1.0% " " " "

Minimum - \$35,000/year. If under this, then Grace has 30 days to make up difference.

Grace will report to Berner within 60 days after end of each calendar quarter, in writing, royalties payable together with check.

Grace keeps accurate records.

Minimum was changed but doesn't show in legal file.

We are current.

6. Quik-Lok Trim Company - 1971

License and trademark agreement covering "Metal Stud for Polystyrene Foam Sheets"

Royalties:

Running royalty at \$10.00 per thousand linear feet. Payable quarterly.

Minimum payments:

From execution to end of 12-month period beginning with next calendar quarter	-	\$10,000
Second twelve-month period	-	20,000
Third " "	-	30,000
Fourth " "	-	40,000
Each succeeding twelve-month period	-	50,000

(continued)

B. - 6. Quik-Lok Trim Company (continued)

If royalties paid are less and Grace doesn't pay difference,
Quik-Lok has the option to convert to a non-exclusive license.
Life of Patent.
No payments have been made as yet.

In addition, we have agreements with the following which are not in the legal files:

7. Richard J. Leonard - 1957

Agreement relative to an improvement in a plaster mix.
Exclusive.
Entered into by Venard for Western Mineral Products.
Right to manufacture, use and sell and to grant sub-licenses.
Royalty:

1/2 cent	- per container with net contents from one to nine pounds.
1 cent	- per container with net contents from ten to twenty-five pounds.
1-1/2 cents	- per container with net contents above twenty-five pounds.

Payments made quarterly. We are current on this.

8. Thermal Conduits - 1969

A letter signed by Babb authorizing a commission payment by Zonolite of \$0.15 per bag paid quarterly on bags of Z-Crete.

Beauregard says this is handled by the West Coast.

9. SAF-T-BED Corp. - 1967

License under their patent entitled "Animal Bed" of exfoliated vermiculite. Exclusive with right to Grace to manufacture and sub-license.

Royalty - \$.0125 per cubic foot, payable quarterly.

Minimum - \$6,000 per year.

Beauregard has nothing on this.

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C. - These are sales agreements with no royalty payment to Grace but a stipulation to buy all or an annual minimum amount is stated.

1. C. Gartenmann & Co. of Switzerland - 1948

This is a sales agreement which also licenses uses of the Zonolite trademark. There is no royalty involved. The distributor committed to buy all of its vermiculite ore from Zonolite.

Evergreen.

We are not getting payments.

C. - 2. Ari-Zonolite - 1955

Minimum - 100 tons per year.
Agreement covers trademarks and patent licenses.
Evergreen.

1964 - Bishop wrote letter terminating agreement. In 1965,
J. Kelley wrote continuing it. Nothing more in legal file.

We are not getting payments.

3. Duwe Precast Concrete, Inc. - 1965

Perlite Aggregate Agreement.
Entered into by Western Mineral Products.
Minimum 400-500 4-cubic-foot bags per day. Otherwise,
agreement to purchase all of the perlite aggregate re-
quirements from Western.
Evergreen.
Beauregard has nothing on this.

4. National Cement Products - 1955

Zonatile - license to manufacture.
Buy entire vermiculite requirements from Zonolite.
Beauregard has nothing on this.

Use of Trademark

No payment.
Evergreen -- never cancelled.
Company may be out of business.

* *

D. - This is a group of agreements covering specific products where payments
by Grace are required.

1. Falcon Mfg. Inc. - 1966

Sales Contract.
Polystyrene - board feet.
Evergreen.

Sales Agreement - 1966
Zonolite products.

Payments -- a set commission schedule, payable by us by
20th day after completion of sale.
Beauregard has nothing on this.

68E9E9C0

D. - 2. Plastifoam Corporation - 1971

Agreement for Plastifoam to manufacture expanded Polystyrene block and board for W. R. Grace & Co.
Requires certain reconciliation reports re material consumption.
Sets forth methods of payment to Plastifoam.
Evergreen.
Beauregard has nothing on this.

3. E. S. Products - 1971

Exclusive distributorship for certain design of nail for use in cast-in-place concrete and insulation materials.
Minimum purchases:

1st calendar year	5,000,000 units, semi-annually
2nd " "	7,500,000 " " "
3rd " "	10,000,000 " " "
4th + each thereafter	12,500,000 " " "

If Grace does not order in any six-month period the minimum quantity, either can terminate within 15 days by written notice to the other.

* *

E. - These are agreements with specific companies for specific uses where payments are due to Grace.

1. San Valle Tile Kilns - 1970

Exclusive license under "Method of Making Refractory Clay Products" Patent.

Royalties

5¢ per 4-cubic-foot bag - paid annually - minimum \$500.
Grace can convert to non-exclusive upon failure to receive royalties from San Valle according to detailed schedule in agreement.

This is current.

2. O. M. Scott - 1971

Earlier 1969 agreement assumed by Delaware Scott.
1969 Agreement

License under patent "Method of and Apparatus for Heat Processing Particulate Solids" -- non-exclusive.

Payments

\$1,000 by each of the parties to the other on signing.
Royalty -- set by number of furnaces, per ton processed.
Payable -- 30 days after 1st day of January, April, July, and October.

Minimum -- \$1,000 annually.

This is current.

(continued)

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SURJ: Zonolite Agreements

-10-

January 4, 1972

E. - 3. Asgrow - 1968 ex 3/11/78

Royalty Schedule - under patent application 607,635 covering process and composition for coating seed.

a. 15 cents per pound of coated seeds, except sugar beets.

b. 5 cents per pound of coated seeds for sugar beets.

If payment for any calendar year is less than \$1,000 and Asgrow doesn't pay difference in 90 days, Grace may convert to non-exclusive.

Within 90 days after January 1, Asgrow shall report amount due plus check.

Grace has right to inspect books.

RIM/cgr
1-4-72

GRACE

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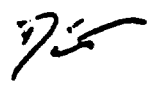
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SOM-WRG 523

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This is current.

2. O. M. Scott - 1971

Earlier 1969 agreement assumed by Delaware Scott.

1969 Agreement

License under patent "Method of and Apparatus for Heat Processing Particulate Solids" -- non-exclusive.

Payments

\$1,000 by each of the parties to the other on signing.
Royalty -- set by number of furnaces, per ton processed.
Payable -- 30 days after 1st day of January, April, July, and October.

Minimum -- \$1,000 annually.

This is current.

(continued)

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SURJ: Zonolite Agreements

-10-

January 4, 1972

E. - 3. Asgrow - 1968 ex 3/11/78

Royalty Schedule - under patent application 607,635 covering process and composition for coating seed.

a. 15 cents per pound of coated seeds, except sugar beets.

b. 5 cents per pound of coated seeds for sugar beets.

If payment for any calendar year is less than \$1,000 and Asgrow doesn't pay difference in 90 days, Grace may convert to non-exclusive.

Within 90 days after January 1, Asgrow shall report amount due plus check.

Grace has right to inspect books.

RMH/cgr
1-4-72