H. S. Bergen - B2SL

BU 2/26

February 22, 1974

W. H. Duffey - E1SA
T. L. Gossage
H. B. Roberts - E1SA
W. R. Richard - T3A

Early next week (Wednesday, ~~March~~ Feb. 27, 10:00 A.M., Conference Room B-274) will you please plan to get together to discuss this. I would like for you to read this over and come prepared with your comments.

H. S. Bergen

att.

pp

PCB-ARCH0750481

February 11, 1974

D R A F T

A G R E E M E N T

This Agreement made this day of , 1974, by and between:

MONSANTO INDUSTRIAL CHEMICALS COMPANY, a unit of Monsanto Company, a Delaware corporation having an office at 800 Lindbergh Boulevard, St. Louis, Missouri (hereinafter referred to as "MONSANTO") and GENERAL ELECTRIC COMPANY, a New York corporation having an office at John Street, Hudson Falls, New York (hereinafter referred to as "GENERAL ELECTRIC").

WITNESSETH:

WHEREAS, MONSANTO is a manufacturer of dielectric fluids and has and is developing technology pertaining to new and improved dielectric fluid compositions for present and future electrical applications, and has patents and patent applications relating thereto, and

WHEREAS, Industrial and Power Capacitor Products Department of GENERAL ELECTRIC (hereinafter "IPCPD GENERAL ELECTRIC") is a manufacturer of electrical capacitors which utilize dielectric fluids, and has and is developing technology pertaining to new and improved electrical capacitors, their materials, designs and construction, and has technology in the manufacture and evaluation of dielectric fluids in electrical capacitors, and patents and patent applications related thereto, and

WHEREAS, the development of new and improved electrical capacitors and dielectric fluids can be accelerated by a cooperative effort between MONSANTO and IPCPD GENERAL ELECTRIC in applying their respective skills and technology relating to dielectric fluids, capacitors, and capacitor evaluations;

NOW, THEREFORE, the parties agree as follows:

0438838

ARTICLE I
DEFINITIONS

EX P-3086
Page 2 of 21

1.01 - "Date of This Agreement"shall mean the date first written above.

PCB-ARCH0750482

1.02 - "Evaluation" shall mean preliminary laboratory type testing of Monsanto's sample dielectric fluids to determine their basic handling, storage, electrical and impregnation characteristics and general suitability for use as capacitor impregnants.

1.03 - "Candidate" impregnants shall mean one or more sample dielectric fluids selected by mutual agreement between MONSANTO and IPCPD GENERAL ELECTRIC from those sample dielectric fluids which have been subjected to evaluation and which warrant Qualification testing as capacitor impregnants.

1.04 - "Qualified" impregnant is a Candidate impregnant which, in the opinion of MONSANTO and/or IPCPD GENERAL ELECTRIC, has successfully passed Qualification tests. Qualification tests include the production and testing of different commercial and conventional capacitors utilizing Candidate impregnants under operating and life test conditions (or simulated as required) for which the impregnant is intended. Testing also includes representative testing of commercial capacitors by IPCPD GENERAL ELECTRIC customers in commercial applications so that adequate data are available for review to determine the satisfactoriness of Candidate impregnants to be Qualified for specific capacitor applications.

1.05 - "Technical Information" shall mean technical information of either party relating to preparation, storage, handling, formulating, modifying, processing and use of dielectric fluids of this agreement in electrical capacitors, provided however that design and construction and manufacture of capacitors are excluded from this definition.

only royal basis for discount to GE.

- Could be broadened to include licensed service.

1.06 - "Qualified Impregnant Patents" means all unexpired patents throughout the world issued at any time for Qualified impregnant inventions first conceived prior to the termination of this Agreement and in the course of their employment by employees of either party with respect to which and to the extent to which either party shall have the right at any time during the course of this Agreement to grant the licenses which are herein granted and agreed to be granted to each party. A Qualified Impregnant Patent includes patents having claims therein claiming Qualified impregnant compositions and/or those compositions combined with capacitor structure.

PCB-ARCH0750484

ARTICLE II
GENERAL PRINCIPLES

2.01 - This Agreement is intended to establish a cooperative joint technical program between the parties MONSANTO and IPCPD GENERAL ELECTRIC with the object of developing Qualified Impregnants and superior capacitors utilizing such Qualified Impregnants. In this project MONSANTO's efforts will be directed primarily toward selecting and preparing dielectric fluid compositions which MONSANTO reasonably believes may have utility as capacitor dielectrics and the efforts of IPCPD GENERAL ELECTRIC will be directed primarily toward Evaluation and Qualification testing of MONSANTO's dielectric fluids in electrical capacitors.

2.02 - The parties agree to participate in the program for an initial period of one and one-half (1½) years from the date of this Agreement at which time this Agreement terminates unless extended as provided in paragraph 2.03. This initial period is intended to provide the parties with an opportunity to evaluate the continued desirability of the joint technical effort contemplated herein and to determine possible approaches, respective levels of effort and ways of implementing the program.

2.03 - If during the initial period of this Agreement the parties agree that the joint technical effort offers significant advantages to both parties and is effective to accelerate the development of Qualified Impregnants and electrical capacitors, then this Agreement subject to any amendments mutually agreed upon may be extended by mutual agreement for additional periods of one year, and if no Qualified impregnant is obtained during any extension,

PCB-ARCH0750485

then this Agreement terminates upon the expiration of the final extension period.

2.04 - MONSANTO will, within four (4) months of the date of this agreement, prepare and submit to IPCPD GENERAL ELECTRIC for Evaluation testing, a reasonable number of sample dielectric fluids which MONSANTO believes to be useful in the preparation of electrical capacitors. Representative samples of such fluids include but are not limited to the following MONSANTO designates:

Monsanto 1475 - Phthalate ester base + sulfone + epoxide

Monsanto 1623-Hydrocarbon base + sulfone + epoxide

Monsanto 1238 - Hydrocarbon base + sulfone + epoxide.

Monsanto X - Hydrocarbon base + sulfone + epoxide

2.05 - IPCPD GENERAL ELECTRIC agrees to perform Evaluation tests on the sample dielectric fluids by MONSANTO on a reasonable priority basis. IPCPD GENERAL ELECTRIC further agrees that the Evaluation tests of MONSANTO fluids shall be conducted in appropriate laboratory capacitors and the tests conducted by IPCPD GENERAL ELECTRIC shall be sufficient to determine the efficiency, durability and utility of the capacitors tested, and the appropriateness of the sample dielectric fluids to be considered as Candidates for Qualification testing. All results of such tests conducted by IPCPD GENERAL ELECTRIC shall be reported to MONSANTO at regular intervals with comments sufficient to apprise MONSANTO of the advantages and/or deficiencies of each dielectric fluid tested. At the conclusion of the Evaluation tests MONSANTO and IPCPD GENERAL ELECTRIC will select by mutual agreement one or more

PCB-ARCH0750486

Candidate impregnants for Qualification tests.

2.06 - The parties agree to hold at least two (2) seminars per year at approximately six (6) month intervals and such additional seminars as may be mutually agreed upon by the parties for the purpose of exchanging Technical Information and reporting progress in the development of capacitors and dielectric fluids especially designed for use in capacitors. In recognition of the fact that a reasonable exchange of Technical Information between the parties is essential to the purpose and objects of this Agreement, the parties agree that while neither party shall be under an absolute obligation to disclose all Technical Information possessed or developed by that party, each party will disclose to the other party such Technical Information as is required by such other party for the successful accomplishment of the objects of this Agreement.

The first seminar each year shall be held at a time and location designated by MONSANTO, while the second shall be held at a time and location designated by IPCPD GENERAL ELECTRIC. Notice of the time and location of the seminar shall be given by the designating party to the other party at least twenty (20) days in advance of the date set for the seminar. Time and location of any additional seminars held by mutual agreement shall be as mutually agreed upon by the parties.

2.07 - IPCPD GENERAL ELECTRIC agrees to conduct initial Qualification testing, on a reasonable priority basis, on Candidate impregnants selected from the above Evaluation tests. This initial test

PCB-ARCH0750487

includes the production of a limited number of different kinds of commercially acceptable capacitors and testing thereof to determine the feasibility of more extensive testing in larger numbers of different capacitors and market acceptability.

2.08 - Recognizing that the exact test conditions, test duration and test expenses of Qualification testing cannot be ascertained on this date because the performance and endurance properties of Candidates are not fully known, the parties hereto further agree that:

1. The Qualification test program, testing environment, test conditions and related details for Candidate impregnant(s) will be mutually determined and agreed upon by authorized representatives of IPCPD GENERAL ELECTRIC and MONSANTO as the program progresses.

2. Said authorized representatives shall monitor the Qualification testing of Candidates to determine:

   a. The monies to be paid by MONSANTO to GENERAL ELECTRIC in respect to initial Qualification testing of Candidates; and

   b. the manner in which said monies are to be paid to GENERAL ELECTRIC.

0438844

3. The parties recognize that the total costs of Evaluation and Qualification may possibly reach as much as $500,000. At the point where total amount paid by MONSANTO to IPCPD GENERAL ELECTRIC reaches SEVENTY-THREE THOUSAND ($73,000) DOLLARS, the parties will mutually agree to the extent of further costs and the extent and kinds of tests to be performed, and will share equally in these further costs.

45
25
73

PCB-ARCH0750488

ARTICLE III
PATENT RIGHTS

3.01 - A Qualified impregnant may be covered by a "Qualified Impregnant Patent" of either party under which no license has been granted under the terms of this Agreement, or a patent on an invention as a direct result of this Agreement. In either event, the parties agree to grant appropriate non exclusive licenses thereunder to each other within their respective fields for no other or additional payments other than those specified in Article V, paragraphs 5.01 and 5.02, together with the right to grant non exclusive sublicenses thereunder without accounting to the other party, and further, to grant non exclusive licenses to other manufacturers within their respective fields at reasonable royalty rates.

3.02 - Any inventions made pursuant to this Agreement by employees of a party may be patented by such party in its own name or that of its nominee at its own expense.

3.03 - In the event one or more employees of MONSANTO and one or more employees of IPCPD GENERAL ELECTRIC make or conceive joint inventions pursuant to this Agreement and resulting directly from the cooperative program undertaken herein, then patent applications on such joint inventions shall be filed and prosecuted at the joint expense of both parties provided either party recommends that such patent applications be filed. Except as provided in paragraph 3.05 of this Article joint inventions relating primarily to dielectric fluid compositions shall be filed and prosecuted in all countries by MONSANTO and joint inventions relating primarily to capacitor design or construction shall be filed and prosecuted in all countries by IPCPD GENERAL ELECTRIC.

3.04 - Title to patents issuing on joint inventions and all the rights and privileges thereof shall reside solely in the party filing and prosecuting the patent application on which the patent is

PCB-ARCH0750489

obtained and the other party accordingly agrees to execute an assignment of its interests to said party of title. Except as provided in paragraph 3.05, the other party shall receive from the party of title a non exclusive, irrevocable, fully paid license with a right to grant sublicenses thereunder without accounting to the party of title.

3.05 - In the event the parties fail to agree that patent applications on joint inventions should be filed in any country or countries, then either party may file and prosecute those patent applications in those countries at its own expense, and the nonparticipating party agrees to assign to the other party its entire interest in such inventions and patents which may issue thereon, reserving unto itself only a non exclusive, irrevocable, fully paid license to practice the invention in those countries.

PCB-ARCH0750490

ARTICLE IV
CONTINUING TECHNICAL SUPPORT

4.01 - MONSANTO recognizes that IPCPD GENERAL ELECTRIC has long provided worldwide technical support, technical services and consultation to its various licensees and affiliates with respect to the design, manufacture and operation of electrical capacitors. MONSANTO further recognizes that IPCPD GENERAL ELECTRIC has provided these services in the past to licensees and affiliates of GENERAL ELECTRIC with respect to Technical Information of dielectric fluids which are superior capacitor impregnants.

4.02 - If a Candidate(s) impregnant under this Agreement is successfully Qualified as a capacitor impregnant and is adopted by GENERAL ELECTRIC, IPCPD GENERAL ELECTRIC agrees to also make available to MONSANTO continuing improvements in Technical Information as defined in this Article I, paragraph 1.05 of said Qualified Candidate(s).

- Needs broadening
- Does not include informing their licensees

EX P-3086
Page 11 of 21
0438847

PCB-ARCH0750491

ARTICLE V
COMPENSATION

5.01 - In consideration of the efforts of IPCPD GENERAL ELECTRIC for Evaluation and Initial Qualification of impregnants as described herein, MONSANTO agrees to pay to GENERAL ELECTRIC (a) a service charge of FORTY-EIGHT THOUSAND ($48,000) DOLLARS payable at the rate of FOUR THOUSAND ($4,000) DOLLARS per month during the first year of this Agreement, and (b) a service charge of TWENTY-FIVE THOUSAND ($25,000) DOLLARS for Initial Qualification tests subject to the provisions of Article II, paragraph 2.08.

5.02 - In the event that a Candidate(s) is successfully Qualified as a capacitor impregnant and is adopted by IPCPD GENERAL ELECTRIC and IPCPD GENERAL provides the continuing technical support as described in Article IV, paragraph 4.02, MONSANTO agrees to pay to IPCPD GENERAL ELECTRIC a service charge of ten (10) percent of its net sales billed of Qualified impregnants of this Agreement, for a period of TEN (10) YEARS from the date of adoption.

5.03 - In the event that a candidate(s) impregnant is successfully qualified as a capacitor impregnant but is not adopted by IPCPD GENERAL ELECTRIC, then MONSANTO agrees to pay to IPCPD GENERAL ELECTRIC a service charge of five (5%) percent of its net sales billed of Qualified impregnants of this Agreement for a period of TEN (10) YEARS from the date of first sale thereof.

5.04 - MONSANTO's invoice price f.o.b. factory, after deduction of trade or quantity discounts, but before deduction of cash

0438848
PCB-ARCH0750492

discounts or agents' commissions, shall be deemed to be MONSANTO's net selling price for the purpose of computing service charges where Qualified impregnants are sold or otherwise disposed of under the license herein granted.

5.05 - Under this Agreement, Qualified impregnants shall be considered to be sold when billed out, except that upon any termination of this Agreement by its terms or upon expiration of the aforesaid Letters Patents, all shipments made on or prior to the date of such termination or expiration which have not been billed out prior thereto shall be considered as sold (and therefore subject to royalty). Service charges paid on Qualified impregnants which are not accepted by the customer, or are rejects on which customers are allowed credit, shall be credited to MONSANTO.

5.06 - The expression "sold" as used in this Article V and elsewhere in this Agreement shall include within its meaning all Qualified impregnants sold in the U.S. or manufactured in the U.S. and sold elsewhere regardless of the time or place of passage of title; and expression Qualified impregnants otherwise disposed of shall include within its meaning: (1) Qualified impregnants not sold but delivered by MONSANTO to others, including deliveries for export, regardless of the basis for compensation, if any, except for a reasonable number of free samples; and (2) Qualified impregnants put into use by MONSANTO and its licensees for any purpose other than routine testing of such Qualified impregnants.

we'd not happy with worldwide effort of GE

PCB-ARCH0750493

ARTICLE VI
RECORDS AND REPORTS

6.01 - MONSANTO shall keep records showing the sales of Qualified Impregnants sold under the license herein granted, in sufficient detail to enable the royalties payable hereunder by MONSANTO to be determined, and further shall permit its books and records to be examined from time to time and to the extent necessary to verify the reports provided for in this Article VI hereof, such examination to be made at the expense of IPCPD GENERAL ELECTRIC by an auditor appointed by IPCPD GENERAL ELECTRIC who shall be acceptable to MONSANTO, and who shall be pledged in writing not to make disclosure, directly or indirectly, to IPCPD GENERAL ELECTRIC of any details other than the accuracy of the aggregate net selling price of Qualified impregnants as set forth in each report and the total number sold, or otherwise disposed of, or the capacitors on which royalties have been paid. The firm,_____, is an acceptable appointee to IPCPD GENERAL ELECTRIC, if an auditor is required, until such time as a replacement mutually acceptable auditor might be appointed.

All instructions by IPCPD GENERAL ELECTRIC to the auditor or accountant, in the event an inspection of MONSANTO's books and records is made under the terms of this Agreement, shall be made in writing and a copy of such instructions and of the report of such auditor or accountant shall be furnished to MONSANTO.

6.02 - MONSANTO agrees to make written reports to IPCPD GENERAL ELECTRIC quarterly within thirty (30) days after the first days of each January, April, July and October during the life of this Agreement and as of such dates, stating in each such report the total number

PCB-ARCH0750494

and total net selling price of Qualified impregnants sold or otherwise disposed of during the preceding three (3) calendar months. Payments under paragraphs 5.02 and 5.03 will be made with each report. The first such report shall include the net sales billed of all Qualified impregnants sold or otherwise disposed of prior to the date of this Agreement.

6.03 - MONSANTO also agrees to make a written terminal report to IPCPD GENERAL ELECTRIC within thirty (30) days after the date of any termination of this Agreement, stating in such report the total number, and total net selling price of such Qualified impregnants sold or otherwise disposed of and not previously reported to IPCPD GENERAL ELECTRIC.

6.04 - The aforementioned reports shall be in the negative whenever MONSANTO has nothing affirmative to report.

0438851

PCB-ARCH0750495

ARTICLE VII
SECURITY PROVISIONS

7.01 - All Technical Information which is disclosed hereunder to a party by the other party shall be held in confidence by that party for a period of ~~TWO~~ (2) 3 YEARS from the date of receipt of such information unless authorization to disclose such information prior to the expiration of ~~TWO~~ (2) 3 YEARS is obtained in writing from the other party, provided however that each party may use Technical Information in its products and may disclose Technical Information to its licensees who are licensed to receive Technical Information and who accept equivalent Security Provisions of this Agreement. With respect to GENERAL ELECTRIC, Technical Information disclosed to IPCPD GENERAL ELECTRIC shall be held in confidence by that Department as provided herein to the exclusion of all other departments of GENERAL ELECTRIC. Oral disclosure of Technical Information shall be confirmed in writing by the disclosing party within thirty (30) days of such disclosure or such Technical Information shall be admitted as being of a nonconfidential nature.

NO

Do not disclose to Intl Dept - We don't trust this - Public. CFTH.

7.02 - The obligation of a party with respect to Technical Information received from the other party as set forth in paragraph 7.01 of this Article shall not extend to the disclosure in patent applications of any Technical Information received by that party from such other party which is reasonably necessary to support such patent applications filed by that party, provided that the party disclosing Technical Information in a patent application agrees to advise the other party in writing of the Technical Information of such other party to be disclosed at least six (6) weeks prior to filing the patent application making such disclosure.

0438852

It is understood that except for such Technical Information the party filing the patent application shall be under no obligation to disclose to the other party any other information concerning the invention or content of a patent application.

7.03 - The obligation of a party with respect to Technical Information received from the other party as set forth in paragraph 7.01 of this Article shall not extend to any portion of such Technical Information

a. which was in the possession of the receiving party prior to the receipt thereof from the other party,

b. which is now or hereafter becomes generally available to the public without breach of this Agreement by the receiving party,

c. which is lawfully disclosed to the receiving party by a third party without restriction on disclosure, or

d. which is obtainable by inspection or analysis of Qualified impregnants available in the marketplace.

PCB-ARCH0750497

ARTICLE VIII
NOTICE

8.01 - The GENERAL ELECTRIC representative for this Agreement to receive and transmit notices, Technical Information, correspondence and other such written material is

General Electric Company
Industrial and Power Capacitor Products Department
John Street
Hudson Falls, New York 12839

The MONSANTO representative for this Agreement to receive and transmit notices, Technical Information, correspondence and other such written material is

Monsanto Company
800 North Lindbergh Boulevard
St. Louis, Missouri 63166

8.02 - Any notices, reports, correspondence, or other written material required or permitted to be given under this Agreement by one party to the other party, including notice of a change in the party representative designated in paragraph 8.01 of this Article, shall be deemed to have been sufficiently given by that party to the other party for all purposes hereof if mailed by registered mail, postage prepaid, and addressed to the party representative of the other party as designated in paragraph 8.01 or to such other representative or address as shall hereafter be furnished by such other party.

PCB-ARCH0750498

ARTICLE IX
ASSIGNABILITY

This Agreement shall not be assignable by a party hereto without the written consent of the other party.

ARTICLE X
TERMINATION

10.01 - This Agreement will terminate upon the expiration of Article V of the Agreement period as provided in Article II, paragraphs 2.02 and 5.02 hereof unless sooner terminated as provided in paragraph 10.02 herein.

10.02 - In the event a party shall commit any breach or default in any of its obligations hereunder, and the other party shall give written notice thereof, then if said breach or default is not remedied within thirty (30) days after such notice is given the other party shall have the right to terminate this Agreement on ten (10) days written notice.

10.03 - No expiration or termination of this Agreement shall relieve either party of any of its obligations under Articles III, IV, and V, paragraph 5.02 hereof.

PCB-ARCH0750499

ARTICLE XI
ENTIRE AGREEMENT

This instrument contains the entire and only Agreement between the parties, and it supersedes all pre-existing agreements between such parties, respecting the subject matter hereof; and any representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either party. No modification, renewal, extension, waiver, and (except as provided in Article X hereof) no termination of this Agreement or any of the provisions herein contained shall be binding upon the party against whom enforcement of such modification, renewal, extension, waiver or termination is sought, unless it is made in writing and signed on its behalf by one of its executive officers, or in the case of GENERAL ELECTRIC by the General Manager of its Industrial and Power Capacitor Products Department. As used herein the word "termination" includes any and all means of bringing to an end prior to its expiration by its own terms this Agreement, or any provision thereof, whether by release, discharge, abandonment or otherwise.

PCB-ARCH0750500

ARTICLE XII
APPLICABLE LAW

This Agreement shall be construed, interpreted and applied in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives as of the day and year first above written.

MONSANTO INDUSTRIAL CHEMICALS COMPANY,
a unit of Monsanto Company

D R A F T

_____
Vice President

GENERAL ELECTRIC COMPANY
INDUSTRIAL & POWER CAPACITOR PRODUCT DEPARTMEN

D R A F T

_____
L. P. Hart, Jr.
General Manager

0438857

PCB-ARCH0750501