

JFD ELECTRONICS CORPORATION

15th Avenue at 62nd Street, Brooklyn N. Y. 11219 • Phone 212 DE 1-1000 • TWX-NY25040

00258

September 24, 1964

Prof. Paul Mayes
JFD Research & Development Labs
714-1/2 South Randolph Street
Champaign, Illinois

Dear Paul:

In reviewing the contract between us, I note that I was to have notified you on August 31st, 1964, with reference to the extension of the option of three (3) years as covered in Clause 4.

I am taking this means of notifying you of our intent to continue our agreement for the additional three (3) years.

Would you please sign below to indicate your understanding and agreement of same.

JFD ELECTRONICS CORP.



Edward Finkel
Exec. Vice-President



Paul Mayes

JFD
JFD

DEFENDANT EX. NO. _____

DOROTHY L. BRACKENBURY
OFFICIAL COURT REPORTER

A G R E E M E N T

THIS AGREEMENT made this 31st day of October, 1964 by and between JFD ELECTRONICS CORPORATION, a New York Corporation, located at 1462 -62nd Street, Brooklyn, New York, hereinafter referred to as "Company", and PAUL E. MAYES, residing at 1902 Broadmoor Drive, Champaign, Illinois, hereinafter referred to as "Mayes".

W I T N E S S E T H :

WHEREAS, Mayes is presently employed as an Associate Professor by the University of Illinois (hereinafter referred to as "University") under an agreement which he represents permits him to accept other employment not in conflict with his duties as an employee of the University, and

WHEREAS, Mayes has completed a contractual agreement of employment with said Company to the mutual benefit of both parties, and

WHEREAS, the Company desires to continue to avail itself of the services of Mayes as a technical consultant to its subsidiary "JFD RESEARCH AND DEVELOPMENT LABORATORIES, INC., of Champaign, Illinois, and Mayes desires to accept such position,

NOW, THEREFORE, it is mutually agreed as follows:

1. EMPLOYMENT AND DUTIES:

Company hereby appoints Mayes to serve as Technical Consultant to its subsidiary JFD RESEARCH AND DEVELOPMENT LABORATORIES, INC., of Champaign, Illinois, and to perform such related tasks thereto as may be assigned to him by the President or Board of Directors of Company, and Mayes hereby accepts such appointment. Mayes shall devote that portion of his time and effort which is available after he has fulfilled his duties as an employee of the University, to the performance of his duties for the Company and its said subsidiary.

2. OWNERSHIP OF PATENTS AND DISCLOSURE OF RESEARCH:

(A) Mayes shall disclose fully to the officers of the Company designated by the President, the results of all research done by or under his direction, and any and all inventions and discoveries which he shall conceive and/or make during his period of employment by the Company and for a period of

Six (6) months after the termination of his employment with the Company, and which are in whole or in part connected with or the result of his work for the Company. Such disclosures are to be made promptly after the conception of each invention and the making of each discovery, and such inventions and discoveries are to become and remain the property of the Company, whether or not patent applications are filed thereon. Upon request and at the expense of the Company, Mayes shall make application at the expense of and through the Patent Solicitors of the Company, for Letters Patent of the United States and any and all other countries on said inventions and discoveries, and shall assign all such applications to the Company or to its order forthwith, and Mayes shall give the Company, its attorneys and solicitors, all reasonable assistance in preparing and prosecuting said applications, and on the request of the Company shall execute all papers and do all things that may be reasonable or required in order to protect the rights of the Company and vest in it or its assigns the inventions, applications and Letters Patent herein contemplated.

(B) Anything to the contrary notwithstanding.

(1) The inventions, discoveries, patents and applications listed on Exhibit "A" of the original contract of employment, a copy annexed hereto and made a part hereof, represent items on which Mayes has worked prior to the date of his employment by the Company and are excluded from the operation of the preceding paragraph hereof respecting assignment to the Company.

(2) It is recognized that any applications, patents and inventions which Mayes may discover or perfect as a direct result of his regular duties on University time and at University expense, or which research is paid for by University resources or facilities shall belong to the University.

3. COMPENSATION:

For all the services to be rendered by Mayes as said Technical Consultant or in any other capacity hereunder, including services as an officer, director or member of any committee of the Company and/or its said subsidiary or any other duties assigned him by the President or the Board of Directors of the Company, the Company agrees to pay to Mayes a fee of

Dollars per annum, payable in equal monthly installments at the end of each month plus a bonus to be paid four (4) times a year as computed on the following basis:

(A) _____ of Company's net shipments of all products whose design is based upon a prototype developed by Mayes using concepts which are covered in patents applied for or held by the University of Illinois Foundation.

(B) _____ of Company's net shipments of all products whose design is based upon a prototype developed by Mayes and his co-workers using new concepts disclosed to the Company by Mayes during the period of this agreement providing those concepts are determined not to be the property of the University and therefore to be patentable by the Company. This percentage shall apply to all products of this nature covered by additional patents which are not assigned to the Company and which therefore require a royalty payment to another party with which the Company has a licensing agreement.

(C) _____ of Company's net shipments of all products whose design is based upon a prototype developed by Mayes and his co-workers using new concepts disclosed to the Company by Mayes during the period of this agreement providing those concepts are determined not to be the property of the University and therefore to be patentable by the Company. This percentage shall apply only to those products which are not being subject to additional royalty payments by virtue of a licensing agreement with the holder of additional patent or patents which cover the product. No payments will be made to Mayes based upon products which are protected or which will be protected solely by patents based upon the disclosures of other employees of the Company.

(D) In addition Mayes shall be reimbursed for out-of-pocket expenses incurred by him with the prior authorization of the Company.

(E) The term "net shipments" shall mean the amount of sales of said products included within subdivisions (A), (B) and (C) hereinabove, actually shipped and collected for by the Company, less returns, discounts, allowances, failure of collection, advertising and other credits and similar deductions and losses.

4. TERM OF AGREEMENT:

Except as otherwise specifically provided in paragraphs 5 (A) and (B) hereof, this agreement shall commence on the date hereof and shall terminate three years thereafter on October 31, 1967. However, the Company shall have the option to continue, extend and renew this agreement, upon the same terms and conditions as herein set forth, for an additional three year term, upon giving Mayes advance written notice at least sixty days prior to the expiration of said three year term. The Company is cognizant of Mayes desire to take a sabbatical leave from his duties during this renewal term of this agreement. In the event that this occurs, there shall be a temporary moratorium or suspension during that period, of this agreement, and same shall be reinstated at the time that Mayes sabbatical leave comes to an end and at that time this agreement shall continue for a period of time thereafter to make up the entire three year period, excluding the sabbatical leave, under the same terms and conditions as herein stipulated and as though Mayes had never terminated this agreement.

5. DEATH OR DISABILITY:

(A) In the event of Mayes' death during the term of this agreement, Mayes' legal representatives shall be entitled to receive the fee due Mayes up to the last day of the calendar month in which his death shall have occurred, and said bonus shall continue to be paid to Mayes' estate as herein provided for three years thereafter.

(B) If, during the term of this agreement, Mayes shall fail to perform his duties hereunder on account of illness or other incapacity, and such illness or other incapacity shall continue for more than three months, the Company shall have the right on 30 days notice to Mayes to terminate this agreement and his appointment hereunder. In this event, the Company shall be obligated to pay to Mayes his fee up to the date of termination, and the bonus shall continue to be paid to Mayes for three years thereafter. In the event of Mayes' death during the three year period subsequent to termination on account of disability, the bonus payment shall continue to be paid to Mayes' estate for

the balance of the three year period.

6. RESTRICTIONS:

(A) During the term of this agreement Mayes shall not be engaged in any other commercial activity, alone or as a partner, officer or director of, or as a consultant to, any other institution or company without the written consent of the Board of Directors of the Company.

(B) During the period of this agreement and for any extension thereof if Mayes employment is terminated for any reason, he shall not for a period of two (2) years after termination, directly or indirectly engage in the production, manufacture or distribution of any products competitive with those manufactured or sold by the Company, either for his own benefit or for the benefit of any other person, firm or corporation whatsoever other than the Company, except that which he is required to do by the University.

7. WAIVERS AND MODIFICATIONS:

The waiver by either party of a breach of any provision of this agreement shall not operate as or be construed as a waiver of any subsequent breach thereof. No modification or change in this agreement shall be effective unless in writing and signed by the parties hereto.

8. NOTICE:

Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered or certified mail to the respective parties at the addresses hereinabove set forth.

9. ASSIGNMENT:

The rights and benefits of the Company under this agreement shall be transferable by it, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns.

10. It is understood that Mayes executes this agreement in his individual capacity and not as an agent for the University of Illinois, which is not a party hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their respective hands and seals the day and year first above written.

Witnessed by:

John H. Myson

JFD ELECTRONICS CORP.

By:

Paul E. Mayes

Paul E. Mayes
PAUL E. MAYES