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Agreement Assigning the Rights to the Positive Ion Detector to Statitrol

Statitrol Corporation

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AGREEMENT

This agreement made in the City of Lakewood, State of Colorado, by and between Lyman L. Blackwell, hereinafter called "Blackwell", and Statitrol Corporation, a Colorado corporation, hereinafter called "Statitrol",

WHEREAS, Blackwell invented a positive ion detector, hereafter called the "invention" and is desirous of assigning the invention to Statitrol; and

WHEREAS, Statitrol has the manufacturing and sales facilities and is desirous of making, using and selling the invention.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants and agreements herein, agree as follows:

1. As used herein, the term "invention" includes all matters set forth and/or described in the attached "Disclosure Document", including a detector for gases, aerosols and products of combustion. Any device incorporating the invention is hereinafter referred to as "Hot Wire Detector". It is understood that the scope of this agreement includes Detectors only and excludes the power supply and related accessories.

2. Blackwell hereby assigns to Statitrol his entire right, title and interest in and to the invention, including any and all United States letters patent, whether applied for, pending or issued, and all foreign letters patent that may be issued, protected or granted pursuant to filings made on the invention by Statitrol. Blackwell further agrees that, upon filing of any application for a patent anywhere at Statitrol's expense in which said invention is disclosed and claimed, he will execute an assignment to Statitrol of said application and any patents issuing pursuant thereto.

3. Blackwell agrees to file such applications, subject to the approval of Statitrol, covering the invention with the United States Patent Office and with any foreign agency as may be requested in writing by Statitrol. Statitrol agrees to reimburse Blackwell for all expenses borne by Blackwell as a result of all such domestic and foreign patent applications for the invention, including all legal fees, patent fees, and all maintenance fees for maintaining foreign and domestic patent filings. In the event that Statitrol elects to prepare and prosecute any patent applications claiming the invention, anywhere, such patent applications or any document relating to any patent application claiming the invention shall be subject to the approval of Blackwell, and copies of all applications claiming the invention and documents relating to such applications and copies of any actions from any patent office relating to any application claiming the invention shall be tendered to Blackwell, to see that the applications are properly prepared and prosecuted.

4. If a United States letters patent on the invention, or any subsequent application thereof, does not issue within a period of seven years from the date of listing of the invention by the Underwriters' Laboratories, Statitrol may reassign the invention to Blackwell, at which time Statitrol will no longer be required to pay royalties to Blackwell for making, using or selling any product based upon that particular patent application, until a patent issues from such applications.

5. Statitrol agrees to pay Blackwell royalties based on the manufacturer's selling price for each Hot Wire Detector manufactured and sold according to the following schedule:

1½% for units sold for high production, low cost products
such as residential detectors.

3% for units sold for moderate cost, commercial-type products.

5% for high cost, low volume, custom-type products.

Blackwell shall be entitled to receive only 30% of any and all royalties received by Statitrol from any licensing, or sublicensing, of any rights in and to this invention to other companies, persons or firms, in lieu of the royalties specified above; however, Blackwell shall be entitled to 100% of all royalties from licenses with any legal entity owned, controlled, in whole or in part, or enjoying a specially favored course of dealing with Statitrol.

Should Statitrol sell a component or partial assembly designed to be a part of a product of another manufacturer, it shall be assumed that Statitrol's selling price is not less than \$15.00 for the purpose of applying the above royalty.

In the event that Statitrol decides to reduce the manufacturer's selling price as a result of competition by 10% or more, Blackwell agrees to reduce the royalty on devices used in residential applications to 1%. Likewise, should Statitrol decide to reduce the manufacturer's selling price for commercial applications by 10% or more, Blackwell agrees to reduce the royalty to 2% on commercial applications.

6. Royalties shall be payable monthly on the fifteenth day of each month. Statitrol guarantees to pay to Blackwell for the life of the last to issue patent on the invention on or before a date twelve months after

the date of listing by the Underwriters' Laboratories, a first minimum royalty payment of \$10,000; and for the second twelve-month period thereafter Statitrol guarantees to pay to Blackwell before the expiration of that period a minimum royalty of \$30,000; and for each twelve-month period thereafter, for the life of any patent, extension, division, reissue or improvement patent claiming the invention, Statitrol guarantees to pay to Blackwell before the expiration of each subsequent twelve-month period a minimum royalty payment of \$40,000. The minimum royalties mentioned above shall be credited as advanced royalties against any royalties accruing under paragraph 5 hereof.

7. Upon failure of Statitrol to pay the royalties as set forth in paragraphs 5 and 6 after thirty days' notice in writing by Blackwell to Statitrol of such failure to pay, and without waiving any right to collect amounts owing from Statitrol, all right, title and interest in and to the invention and any patents relating thereto will automatically be forfeited and reassigned to Blackwell and this agreement shall be null and void, and Statitrol shall have no further right to manufacture, use or sell the invention. However, Statitrol shall have the right to pay or to tender any such royalties due within thirty days after such notice, and in the event of such payment and tender, this assignment of royalties shall remain in full force and effect. Each royalty payment shall be accompanied by a statement of sales certified as being true and correct by the treasurer of Statitrol. Statitrol shall keep accurate records showing the quantity and sales price of all Hot Wire Detectors sold, which records shall be open to inspection by Blackwell or his representatives at all reasonable times.

8. Unless sooner terminated as herein provided, this agreement shall continue for the life, or lives, of any United States letters patent which may issue on the invention.

9. Blackwell agrees to keep Statitrol fully informed as to the perfection of all patent applications on said invention, and Statitrol agrees to keep Blackwell informed as to any and all actions concerning any patent application of which it has control.

10. Blackwell agrees to hold and keep confidential for the benefit of Statitrol any and all information which he now has or which he may obtain during the course of this agreement relating to any matters pertaining to the invention.

11. In the event third parties shall, without authorization, make, use or sell said invention, Statitrol shall have the right, but not the obligation to bring suit to enjoin such infringement or unauthorized use. The cost, including legal fees, of such suit shall be borne by Statitrol. Blackwell may join as a party to such suit with Statitrol and be represented by counsel at his expense.

12. In the event any letters patent obtained by Blackwell on the invention shall be held invalid by a court of competent jurisdiction from which no appeal was taken, and the time for taking an appeal has expired, there will be a forfeiture of this assignment and Statitrol shall no longer be required to pay royalties for making, using or selling such invention. Blackwell, however, may retain all payment theretofore made.

13. Blackwell warrants that he has the right to make all assignments contemplated hereby; and that to the best of his knowledge and belief, the invention is free from infringement on any patent or patents owned by third parties. In the event an action is brought and successfully maintained against

Statitrol's making, using or selling the invention, this agreement may be cancelled at the option of Statitrol upon reassignment to Blackwell of all patents and patent applications under this agreement; in such event, Statitrol's obligation to pay royalties on the invention shall cease. Blackwell may, however, retain all payments theretofore made.

14. Upon any forfeiture or cancellation hereunder, Statitrol agrees to reassign all right, title and interest in the invention and patents thereon to Blackwell and execute any documents necessary to carry out the intent hereof. In the event of forfeiture under paragraphs 4, 12 or 13, such reassignment shall not obligate Statitrol to pay further royalties nor minimum royalties for the making, using or selling of the invention.

15. Blackwell agrees immediately to inform Statitrol in writing of any rights exercised or granted under the terms of paragraph 14 above.

16. Blackwell agrees to give Statitrol first right to negotiate for a license or assignment on any products related to the fire detection industry, alarm industry or to the industry related to internal pollution caused by products of combustion (involving either the detection or control thereof) which Blackwell may subsequently invent.

17. This agreement shall be binding on the parties, their heirs, assigns, beneficiaries and successors. Statitrol may not, however, sell, assign, license or transfer its rights to the invention without prior written approval to Blackwell, and Blackwell agrees not to unreasonably withhold consent, provided the transfer of Statitrol's license rights and obligations are intended to go to a financially acceptable company, firm or person and provided that all rights and obligations of Statitrol

under this agreement shall be assumed by and be binding on a subsequent transfer.

Dated this 5th day of July, 1976.

Lyman L Blackwell
Lyman L. Blackwell

STATITROL CORPORATION

By Russ W. David, Pres

ATTEST:

[Signature]
Secretary