

Terminated



January 27, 1960

1. The annexed original assignment, dated January 27, 1960, from Dr. Leo Szilard to his wife, Gertrud Weiss Szilard, was executed and acknowledged by Dr. Szilard before me at Memorial Hospital, 444 East 68th St., New York, New York, on January 27, 1960. It was then delivered by Dr. Szilard to me with instructions that it be held by the firm of Paul, Weiss, Rifkind, Wharton & Garrison as agent for Mrs. Szilard.

2. At the same time, Dr. Szilard signed a letter, dated January 27, 1960, to Mr. John S. Yates, of Marc Wood International Corp., enclosing an executed and acknowledged copy of the above assignment. At his request, I mailed that letter (an executed copy of which is annexed hereto) and the executed copy of the assignment to Mr. Yates.

Shirley A. Zainow

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

1. Under Paragraph 4 of an agreement (hereinafter called the "letter agreement") contained in a letter from Centre National de la Recherche Scientifique, Institut Pasteur, Dr. Jacques Monod, Dr. Leo Szilard, Dr. Aaron Novick, Dr. Melvin Cohn and Frank J. Rinderer to Marc Wood International, Inc., which was executed by Dr. Leo Szilard on or about January 12, 1960, Dr. Leo Szilard is entitled to a sixteen (16%) percent share of the net receipts derived from certain license agreements referred to in Paragraph 3 of the letter agreement. The foregoing license agreements are to be made in the course of exploitation of certain patents and patent applications described in Paragraph 1 of the letter agreement.

2. Dr. Leo Szilard hereby grants, assigns and conveys to his wife, Gertrud Weiss Szilard, of 6101 East 11th Avenue, Denver, Colorado, all of his right, title and interest in and to his sixteen (16%) percent share of the foregoing net receipts, to which he is entitled under Paragraph 4 of the letter agreement, to have and to hold the same unto herself, her executors, administrators and assigns forever, to and for the use of herself, her executors, administrators and assigns. Dr. Leo Szilard hereby constitutes and appoints said Gertrud Weiss Szilard his true, lawful and irrevocable attorney, in his name, place and stead to ask, demand, sue for, attach, levy, recover and receive all sums of money which now are or may hereafter become due, owing and payable on account of the sixteen (16%) percent share of the foregoing net receipts hereby assigned, giving and granting to said Gertrud Weiss Szilard full power and authority to do

and perform each and every act and thing whatever requisite and necessary, as fully, to all intents and purposes, as he might or could do, if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that said Gertrud Weiss Szilard or her substitute shall lawfully do, or cause to be done, by reason of this assignment.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 27th day of January, 1960.

Leo Szilard

Dr. Leo Szilard

Signed, Sealed and Delivered

In the Presence of

Shirley A Zaiman

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 27th day of January, 1960, before me personally came DR. LEO SZILARD to me known, and known to me to be the individual described in, and who executed the foregoing assignment, and duly acknowledged to me that he executed the same.

Shirley A Zaiman

SHIRLEY A. ZAIMAN
Notary Public, State of New York
No. 31-9785325
Qualified in New York County
Commission Expires March 30, 1960

Memorial Hospital, Room 804
444 East 68th Street
New York, New York
January 27th, 1960

Mr. John S. Yates
Vice President
Marc Wood International Corp.
30 Rockefeller Plaza
New York, New York

Dear Mr. Yates:

I enclose herewith a duplicate original of an assignment from me to my wife, Gertrud Weiss Szilard, of all of my right, title and interest in and to my 16% share of the net receipts of certain patent license agreements, payable to me under Paragraph 4 of the letter agreement between Centre National de la Recherche Scientifique, Institut Pasteur, Dr. Jacques Monod, Dr. Leo Szilard, Dr. Aaron Novick, Dr. Melvin Cohen and Frank J. Rinderer, as signers of the letter, and Marc Wood International, Inc. as the recipient of the letter. I signed the letter agreement on or about January 12, 1960.

I understand from your explanatory letter of January 5, 1960 to Dr. Aaron Novick, and from your telephone talk on January 13, 1960 with my attorney, Mr. Bernard H. Greene, that under your interpretation of the letter agreement, my 16% share of the net receipts of the license agreements is not only payable to my estate in case of my death, but is freely assignable by me during my life. Would you therefore be good enough to acknowledge receipt of the enclosed assignment to me at the above address, and to Mr. Greene, c/o Paul, Weiss, Rifkind, Wharton & Garrison, 575 Madison Avenue, New York, N.Y. Would you also be good enough to confirm to us

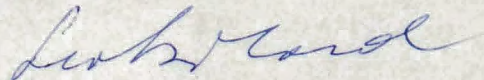
Mr. John S. Yates

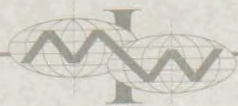
2.

that you will honor this assignment and will make all future payments on account of my 16% share of the net receipts of the license agreements to my wife, at her address as set forth in the assignment.

Thank you for your attention to the foregoing.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "L. H. [unclear]". The signature is written in a cursive style with a long horizontal stroke at the end.



MARC WOOD INTERNATIONAL, INC.

30 ROCKEFELLER PLAZA • NEW YORK 20, N. Y. • COLUMBUS 5-3029 • CABLE: MARWOODIN
international engineering consultants and technical negotiators

March 9, 1960

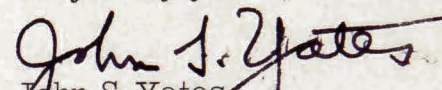
Mrs. Gertrud W. Szilard
6101 East 11th Avenue
Denver
Colorado

Dear Mrs. Szilard :

We are enclosing herewith our check for \$243.20 representing Dr. Szilard's share of the income received from American Sterilizer for the months of November and December 1959 and January, February and March 1960.

Since the amounts were so small, we have delayed remitting on a monthly basis and will hereafter make the distribution quarterly.

Very truly yours,


John S. Yates
Vice President

JSY:eb
Encl.

Marc Wood International, Inc.,
30 Rockefeller Plaza,
New York City 20,
New York.

May 3rd. 1960.

For the attention of Mr. John S. Yates

Dear Mr. Yates,

I am writing in response to your letter of April 22nd. I have assigned my interest in this contract to my wife, Dr. Gertrud Weiss, 6101 East 11th Avenue, Denver, Colorado. I have, therefore, passed on your letter to her. My wife has asked me to inform you that in all business matters of this type she will go along with whatever Dr. Aaron Novick agrees to.

With best wishes,

Very sincerely yours,



Leo Szilard.

MARC WOOD INTERNATIONAL, INC.

INTERNATIONAL ENGINEERING CONSULTANTS AND TECHNICAL NEGOTIATORS

30 ROCKEFELLER PLAZA

NEW YORK 20, N. Y.

EUROPEAN HEADQUARTERS
MARC WOOD S. A.
94 BOULEVARD HAUSSMANN
PARIS 8, FRANCE

April 22, 1960

TEL: COLUMBUS 5-2039
CABLE: MARWOODIN

Centre National de la Recherche Scientifique
13, Quai Anatole France
Paris VII, France

Dr. Leo Sallard
6101 East 11th Street
Denver, Colorado

Dr. Jacques Monod
Institut Pasteur
28, Rue du Dr. Roux
Paris XV, France

Dr. Aaron Novick
Institute of Molecular Biology
University of Oregon
Eugene, Oregon

Dr. Melvin Cohn
Stanford University
School of Medicine
Stanford, California

Mr. Frank J. Rinderer
Rinco Instruments
511 South Prairie Street
Greenville, Illinois

Gentlemen :

I regret to inform you that we have received a letter from American Sterilizer (copy enclosed) giving us notice that they wish to terminate their option on the Monod process and apparatus patents.

I have delayed informing you since I preferred first to discuss the matter with one of American Sterilizer's executives to see if this was a firm decision or whether, by implying financial concessions, we could induce them to reconsider the matter.

I recently had a long telephone conversation with Mr. Perkins and I was sorry to learn that it is indeed final.

At first I thought that perhaps the retirement of Mr. Jewell (former Vice President) and the departure of Mr. Barry (former Sales Manager) with whom we had originally negotiated the agreement, had removed two of our supporters from the scene and had influenced the decision. However, Mr. Perkins assured me that the opposite was just the case, that Messrs. Jewell and Barry were more conscious of the cost of the continuous culture program than the people who had replaced them and that Perkins himself, despite his "realistic" approach which at times seemed

April 22, 1960

negative, was really one of the strongest supporters in the company of the program. In fact, it was the rejection by American Sterilizer's top management of Mr. Perkins' latest request for a substantial financial appropriation to continue the program which brought the matter to a head and resulted in this decision.

Mr. Perkins was still very optimistic about the future of continuous culture. On the other hand, he was unable to develop a time schedule which could assure management that the continuous culture program would become self-supporting at a fixed date. Consequently, American Sterilizer's management concluded that this development was perhaps ten years ahead of its time and that the company should abandon further investment in it for the time being and reconsider it a few years hence.

Mr. Perkins and the sales staff investigated quite carefully all of the various possibilities of selling specific types of bacteria, produced by continuous culture, as proprietary products. Unfortunately, limited quantities of various types could be sold but none offered a large enough market to cover more than a fraction of the cost of the program. For many of these types, American Sterilizer has not been able to develop a continuous culture procedure which will result in lower costs than the batch process now used. Mr. Perkins was appreciative of Dr. Monod's and Dr. Cohn's efforts to make suggestions but he claimed to be already aware of all of the types of micro-organisms suggested.

Naturally, one of the difficulties faced by American Sterilizer in this program was the secretiveness of the various pharmaceutical companies and other firms engaged in the culture of micro-organisms. This made it almost impossible for American Sterilizer to offer any technical assistance to prospective sub-licensees despite the fact that Mr. Perkins is still convinced that American Sterilizer knows more about continuous culture than any other industrial firm in this country.

American Sterilizer's termination of the option raises certain difficult questions :

First, under the terms of our Agreement, they were obligated to give us 30 days notice. Since the current cost of the option is \$500 for each month or fraction thereof and their letter was dated April 5, the Agreement should not properly terminate before June 1st.

Secondly, we are left with no license agreement to cover the Biogen units which we contend infringe the Monod apparatus patent. It has always been American Sterilizer's contention that their Biogen units did not fall within the claims of the apparatus patent but they agreed to a royalty under the terms of our option as part of the price of acquiring the rights to the Monod process patent. At one point during our negotiations we obtained a legal opinion from Kenyon & Kenyon, patent counsel, which unfortunately gave considerable support to American Sterilizer's contention.

Thirdly, American Sterilizer is obligated, under the terms of our option, to deliver to us all of the market information they have developed on the Monod process during the option period and to compile for us a list of customers with whom

April 22, 1960

they have had negotiations.

I raised these points during my conversation with Mr. Perkins but instead of committing himself (which he obviously would have had no authority to do) he suggested that I state these points in a letter addressed officially to his company.

Fortunately, we had provided in the option agreement that in the event of termination, Mr. Rinderer's previous license would be reinstated, so there should be no legal difficulty in this connection although a formal demand for the resumption of royalties may have to be made.

Looking to the future, it seems to me that there are two alternatives open to the Members of the Group. Either they can look for a larger and more financially powerful company than American Sterilizer who would be in a position to support a longer range deficit program until continuous culture is adopted commercially, or they can try to plan a shoe-string program which can be self-supporting on the small returns that are now possible from the sale of proprietary products.

It will be difficult to find another large licensee now that American Sterilizer ostensibly tried and failed, particularly if American Sterilizer attempts to continue making Biogen units and the new licensee is faced with an established competitor.

On the other hand, Mr. Rinderer has on many occasions repeated his interest in taking a license and trying his hand at promoting the process with the technical assistance of the other Members of the Group. Mr. Rinderer certainly has the enthusiasm for this technique and the proven business ability to make it a success at least on a modest scale. If there are any types of micro-organisms which can be more efficiently produced by continuous culture, I am sure he can do it at a profit. Moreover, it has been our experience in promoting other new techniques that if feasibility is first proven on a small scale, the major industries will then change their minds and begin to show an interest on the licensor's own terms.

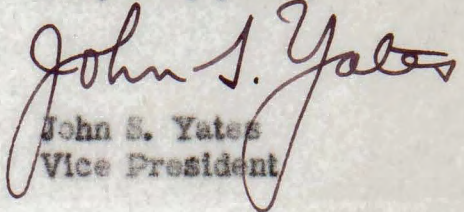
What I would therefore propose is that a non-exclusive license for the Monod apparatus and process patents be granted to one of Mr. Rinderer's companies without the cash payments and guaranteed minimums that would be requested from a larger licensee. In view of Mr. Rinderer's enthusiasm for continuous culture, I believe the guaranteed minimums are unnecessary, particularly if the license is non-exclusive. If Mr. Rinderer is successful, but is unable through lack of financial resources or staff to follow the demand, we could negotiate another license with a larger company (perhaps Pfaudler, the largest manufacturer of stainless steel process equipment in this country) on terms that would properly compensate Mr. Rinderer for his promotional efforts and investment.

I would appreciate it if each of you would let me have his comments on this subject.

April 22, 1960

At present we still have on hand \$ 500 which was paid to us March 31st for the account of the Members of the Group. We shall wait until shortly after May 1st before distributing it to see whether another payment may be arriving automatically for the month of May.

Very truly yours,


John S. Yates
Vice President

JSY/lc
Enc.

AMERICAN STERILIZER COMPANY

Designers and Manufacturers



Sterilizers, Surgical Tables and Lights

AND EQUIPMENT FOR SCIENCE AND INDUSTRY

RD 1000
ERIE, PENNSYLVANIA

JOHN J. PERKINS
VICE PRESIDENT
RESEARCH & DEVELOPMENT

April 5, 1960

Marc Wood International, Inc.
30 Rockefeller Plaza
New York 20, New York

MR. JOHN S. YATES
VICE PRESIDENT

Gentlemen:

During the past two weeks our management group, assisted by scientific and technical personnel, have carefully reviewed our position with respect to the Monod agreement, dated July 1, 1959. A decision has been reached.

The American Sterilizer Company has decided to surrender the option under the Monod and Rinderer patents and this letter constitutes the formal notice of termination as provided for on page 2 of the agreement, dated July 1, 1959.

Very truly yours,

John J. Perkins

JOHN J. PERKINS

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V P ✓



MARC WOOD INTERNATIONAL, INC.

30 ROCKEFELLER PLAZA • NEW YORK 20, N. Y. • COLUMBUS 5-3029 • CABLE: MARWOODIN

international engineering consultants and technical negotiators

May 9, 1960

Mrs. Gertrud W. Szilard
6101 East 11th Avenue
Denver, Colorado

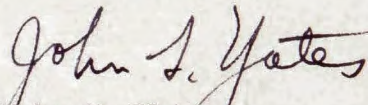
Dear Mrs. Szilard :

We are enclosing herewith our check in the amount of \$ 128.00 representing your share of the income received from American Sterilizer for the months of April and May 1960.

In our opinion, these two payments terminate American Sterilizer's financial obligations under their Agreement with the Members of the Group except for the 5% royalty they owe on sales of Biogen apparatus to date under the Agreement with Mr. Rinderer of October 15, 1957 which forms a part of the patents belonging to the Members of the Group collectively under the Letter Agreement of January 25, 1960 constituting the Group.

We are still making every effort to obtain an acknowledgment that these royalties are due as well as the commercial information that was due us upon termination.

Very truly yours,


John S. Yates
Vice President

JSY/ic
Enc.

UNIVERSITY OF OREGON

EUGENE, OREGON

INSTITUTE OF MOLECULAR BIOLOGY

April 26, 1960

John S. Yates
Marc Wood International, Inc.
30 Rockefeller Plaza
New York 20, New York

Dear Mr. Yates:

I was sorry to learn that ANSCO is terminating their option. I approve completely of your suggestion about arrangements with Mr. Rinderer. I am delighted that he is willing to carry on, as I have great confidence in him.

As you may recall, ANSCO is using for aeration a device that a long time ago I suggested to them. In the light of their dropping the option, I would like to raise the question whether the Group should not be reimbursed for this by ANSCO.

Sincerely yours,

Aaron Novick
Director

cc: Dr. Monod
Dr. Cohn
Dr. Szilard ✓
Mr. Rinderer

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