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Expires 06/30/99
OMB 0651-0027

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Document ID# _____

Correction of PTO Error
Reel # _____ Frame # _____

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Conveyance Type

Assignment **Security Agreement**

License **Change of Name**

Merger **Other** COURT ORDER

U.S. Government
(For Use ONLY by U.S. Government Agencies)

Departmental File **Secret File**

Conveying Party(ies)

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name (line 1) Smith, Paul E.

071698

Name (line 2) _____

Second Party

Name (line 1) _____

Execution Date
Month Day Year

Name (line 2) _____

Receiving Party

Mark if additional names of receiving parties attached

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 1) McKenney, Jeffrey

Name (line 2) _____

Address (line 1) 15632 Producer Lane

Address (line 2) _____

Address (line 3) Huntington Beach CA 92649

City State/Country Zip Code

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name _____

Address (line 1) _____

Address (line 2) _____

Address (line 3) _____

Address (line 4) _____

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06/30/2000 BCDATES 00000082 5704489

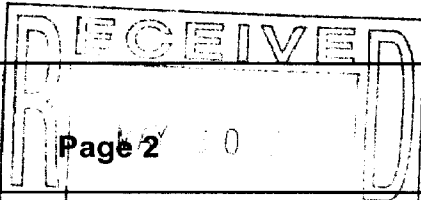
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PATENT
REEL: 010881 FRAME: 0063



Correspondent Name and Address

Area Code and Telephone Number (281) 392-8288

Name Gerald E. Lester

Address (line 1) 22107 Fielder Dr.

Address (line 2) Katy, Texas 77450

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. # 10

Application Number(s) or Patent Number(s)

Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

Three empty boxes for Patent Application Number(s).

Patent Number(s) 5704489, followed by two empty boxes.

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT [] PCT [] PCT []
PCT [] PCT [] PCT []

Number of Properties

Enter the total number of properties involved. # 1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ 40.00

Method of Payment: Deposit Account

Enclosed Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: # []

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Gerald E. Lester

May 30, 2000

Name of Person Signing

Signature

Date

RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY

Conveying Party(ies)

Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Receiving Party(ies)

Mark if additional names of receiving parties attached

Enter additional Receiving Party(ies)

Name (line 1) NORTEK AUTOMATION INC.

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1) 15632 Producer Lane

Address (line 2)

Address (line 3)
City State/Country Zip Code

Name (line 1)

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Application Number(s) or Patent Number(s)

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Patent Application Number(s)

Patent Number(s)

ORIGINAL

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FILE
1998
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CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA OFFICE
DEP

1 Thomas J. Borchard (#104008)
David S. Nichol (#159928)
2 BORCHARD & NICHOL, APC.
25909 Pala, Suite 380
3 Mission Viejo, CA 92691
(714) 457-9505

4 Attorneys for Plaintiffs/Counterdefendants
5 Nortek Automation, Inc. and Jeffrey McKenney

6
7 **UNITED STATES DISTRICT COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA**

9 NORTEK AUTOMATION INC., a)
California corporation,)
10 JEFFREY MCKENNEY, an)
individual)

11 Plaintiffs,)

12 vs.)

13 PAUL SMITH, an individual)
and dba SIMMPRO)

14 Defendants,)

CASE NO.: SACV 98-79 AHS(EEEx)

STATEMENT OF UNDISPUTED FACTS
AND CONCLUSIONS OF LAW UNDER
FEDERAL RULE 56(A) IN SUPPORT
OF COUNTERDEFENDANT'S 12(B)(6)
MOTION FOR FAILURE TO STATE A
CLAIM UPON WHICH RELIEF MAY
BE GRANTED

15
16 PAUL E. SMITH, an individual,)

17 Counterclaimant)

18 vs.)

19 NORTEK AUTOMATION INC., a)
California corporation,)
20 JEFFREY MCKENNEY, an)
individual,)

21 Plaintiffs/Counterdefendants)

22 and)

23 ADMOR MEMORY, LTD., a)
California corporation, and)
24 DOES 1 through 10, inclusive)

25 Additional Parties to)
26 the Counterclaims.)
27)
28

Hearing *July 13*
Date: ~~April 27~~, 1998
Time: 10:00 a.m.
Place: Courtroom 1
Hon. Alicemarie H. Stotler

1 COUNTERDEFENDANTS' STATEMENT OF UNDISPUTED FACTS
2 AND CONCLUSIONS OF LAW

3 Pursuant to Rule 56(a), moving parties, Nortek Automation,
4 Inc., and Jeffrey McKenney submit the following statement of
5 undisputed facts and conclusions of law:

UNDISPUTED MATERIAL FACT	SUPPORTING EVIDENCE
1. This court has jurisdiction over the subject matter of the claim for patent infringement and the defense to that claim.	1. 28 U.S.C. §1338(a), 28 U.S.C. §102(b)(6)
2. Paul Smith filed a <i>Counter</i> complaint for patent infringement against his prior <i>employee</i> , Nortek Automation, Inc.	2. Countercomplaint filed by Paul Smith.
3. Paul Smith worked for Nortek Automation, Inc. from May of 1994 through March of 1996.	3. Declaration of McKenney, pg 2, para. 3.

1 4. Paul Smith began working on
2 the SIMM handler project in
3 March of 1995.

4. Declaration of McKenney, pg
2, para. 3, 4.

4
5 ~~5. Paul Smith was paid on an~~
6 hourly basis for his time on
7 the SIMM handler project from
8 March of 1995 through early
9 ~~July of 1995~~

5. Declaration of McKenney, pg
2, para. 5.

10 ~~6. Jeff McKenney discussed the~~
11 need for a revised SIMM
12 handler with Thang Nguyen of
13 Kingston Technologies, Inc.
14 prior to the time that Paul
15 Smith was brought in to assist
16 ~~with this project.~~

6. Declaration of McKenney, pg
2, para. 4.

17
18 ~~7. After Paul Smith worked on~~
19 the SIMM board handler from
20 March of 1995 to July of 1995,
21 he presented a proposal for a
22 "profit center agreement"
23 impacting his compensation
24 ~~relating to this project.~~

7. Declaration of McKenney, pg
3, para. 7. Profit Center
Agreement executed by Paul
Smith on July 11, 1995
attached to declaration of
McKenney as Exhibit "A".

1 8. Paul Smith executed an
2 agreement on July 11, 1995
3 including a provision that
4 Nortek would continue to
5 provide the resources
6 "(accounting, engineering,
7 etc.) and capital" for the
8 SIMM handler project.

8. Declaration of McKenney, pg
3, para. 7. Profit Center
Agreement executed by Paul
Smith on July 11, 1995
attached to declaration of
McKenney as Exhibit "A".

9
10 9. The profit center agreement
11 executed by Paul Smith on July
12 11, 1995 also included a
13 provision that Smith would be
14 compensated in the form of
15 reimbursement of his hourly
16 wage of \$40.00 plus 50% of any
17 profits from sales of Nortek
18 handlers.

9. Declaration of McKenney, pg
3, para. 7. Profit Center
Agreement executed by Paul
Smith on July 11, 1995
attached to declaration of
McKenney as Exhibit "A".

19 10. ~~Other~~ Nortek employees
20 ~~logged a total of 628 hours in~~
21 ~~1995~~ working ^{ad} on the SIMM
22 handler project and were paid
23 by Nortek for this time.

10. Declaration of McKenney,
pg 4, para. 11. Declaration
of Steve Ogren, page 2, para.
2.

1 11. The SIMM handler
2 referenced in the profit
3 center agreement was
4 demonstrated and tested for a
5 Nortek customer, Kingston
6 Technologies on October 2,
7 1995 and ten units were sold
8 to Kingston on October 16,
9 1995.

11. Declaration of McKenney,
pg 5, para. 12, 13; Letter
confirming purchase dated
October 3, 1995 attached to
McKenney dec. Exhibit "B"
Invoice for sale of ten
handlers dated October 16,
1995 attached to McKenney dec.
Exhibit "C"; Check from
Kingston reflecting payment
for ten handlers dated October
16, 1995 attached to McKenney
dec. Exhibit "D".

10
11
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15 12. The profit center
16 agreement executed by Paul
17 Smith on July 11, 1995 also
18 included a provision that if a
19 profit center venture were
20 successful by February 1,
21 1996, a formal entity would be
22 set up to maintain the profit
23 split.

12. Declaration of McKenney,
pg 3, para. 7. Profit Center
Agreement executed by Paul
Smith on July 11, 1995
attached to declaration of
McKenney as Exhibit "A".

1 13. On January 16, 1996, three
2 months after the sale of ten
3 SIMM handlers to Kingston, ~~also~~
4 Smith present^{ed} a sub-division
5 agreement to Jeffrey McKenney
6 of Nortek for the
7 formalization of the SIMM
8 handler profit center sub-
9 division of Nortek Automation,
10 Inc.

13. Declaration of McKenney,
pg 6, 7, para. 16.

11
12 14. Jeffrey McKenney and
13 Nortek worked under the
14 assumption from March of 1995
15 through January of 1996 that
16 Nortek owned the SIMM handler
17 and that Paul Smith was
18 entitled to reimbursements of
19 his hourly wages plus 50% of
20 the profits from sales of the
21 SIMM handlers.

14. Declaration of McKenney,
pg 7, 8, para. 17, 18, 19;
Profit Center Agreement
attached as Exhibit "A" to
McKenney dec.; Sub-division
drafted by McKenney as Exhibit
"F".

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<p>15. At all times between March of 1995 and February of 1996, Paul Smith led Nortek to believe that he only expected a profit share in the SIMM handler.</p>	<p>15. Declaration of McKenney, pg 7, 8, para. 17, 18, 19. Profit Center Agreement attached as <u>Exhibit "A"</u> to McKenney dec.; Sub-division drafted by McKenney as <u>Exhibit "F"</u>.</p>
<p>16. Nortek Automation, Inc. provided the facilities, resources, capital and personnel to develop design and market the SIMM handler.</p>	<p>16. Declaration of McKenney, pg 4, para. 10, 11.</p>
<p>17. Nortek provided the facilities, resources, capital and personnel for the SIMM handler based on its reliance on the representations and actions of Paul Smith up though February of 1996.</p>	<p>17. Declaration of McKenney, pg 4, para. 10, 11.</p>

1 ~~18. Paul Smith perpetuated and~~
2 was fully aware that Nortek
3 Automation was working under
4 the assumption that it owned,
5 (or at least co-owned) the
6 SIMM handler through January
7 ~~of 1996.~~

18. Declaration of McKenney,
pg 6, 7, para. 15, 16, 17, and
18; Profit Center Agreement
attached as Exhibit "A" to
McKenney dec.; Sub-division
drafted by McKenney as Exhibit
"F".

19. Nortek Automation has been
damaged by the fact that it
acted pursuant to the profit
center agreement and that it
is now unable to sell the SIMM
handlers as a result of Paul
Smith's patent infringement
action.

19. Declaration of Jeffrey
McKenney, page 8, para.21;
Declaration of Thomas Wiles
attached to McKenney dec. as
exhibit "F".
Declaration of Thomas Wiles.

18
19 **CONCLUSIONS OF LAW**

20 ~~1. Paul Smith is equitably estopped from stating a claim for~~
21 patent infringement against Nortek Automation, Inc., Jeffrey
22 McKenney or purchasers of Nortek Automation, Inc.'s, SIMM or
23 SIMM/DIMM board handler based on United States Letter Patent No.
24 ~~5,704,489 (the "489 patent").~~

25 2. Paul Smith cannot state a claim for patent infringement
26 against Nortek Automation, Inc., Jeffrey McKenney or purchasers of
27 Nortek Automation, Inc.'s, SIMM or SIMM/DIMM board handler based on
28

1 United States Letter Patent No. 5,704,489 (the "489 patent), based
2 on the doctrine of shop rights.

3 ~~3. Paul Smith cannot state a claim for patent infringement~~
4 against Nortek Automation, Inc., Jeffrey McKenney or purchasers of
5 Nortek Automation, Inc.'s, SIMM or SIMM/DIMM board handler based on
6 United States Letter Patent No. 5,704,489 (the "489 patent), based
7 on his contractual and/or fiduciary obligation to assign the
8 patent.

9 4. Paul Smith cannot state a claim for interference with
10 economic relations against Nortek Automation, Inc., Jeffrey
11 ~~McKenney based on lack of subject matter jurisdiction.~~

12 DATED: 4-6-98

BORCHARD & NICHOL, APC.

13
14
15 By: 

16 Thomas J. Borchard
17 David S. Nichol
18 Attorneys for Plaintiffs
19 and Counterdefendants
20 Nortek Automation, Inc. and
21 Jeffrey McKenney

22 **IT IS SO ORDERED**

23 **DATE** July 16, 1998

24 *Richard S. Stollen*

25 **U.S. DISTRICT COURT JUDGE**

PROOF OF SERVICE
C.C.P. § 1013(a)

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE.)

I am employed in the County of Orange, State of California.
I am over the age of 18 and not a party to the within action.

On April 6, 1998, I served the foregoing documents described
as follows:

**STATEMENT OF UNDISPUTED FACTS AND CONCLUSIONS OF LAW UNDER
F.R.C.P. 56(a)**

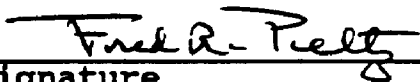
on the interested parties in this action by placing a true copy
thereof enclosed in sealed envelopes addressed as follows:

Mark B. Garred
STETINA BRUNDA GARRED & BRUCKER
24221 Calle de La Louisa
4th Floor
Laguna Hills, CA 92653

(X) **BY PERSONAL SERVICE:** I served the party named
above by personally delivering the copies on April 6, 1998, at _
_____ a.m./p.m.

I declare under penalty of perjury under the laws of the
State of California that the above is true and correct.

Executed on April 6, 1998, at _____,
California.



Signature