

08-19-2004

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U.S. Department of Commerce
Patent and Trademark Office

102817104

PATENT

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- ☒ New **8.1304**
- ☐ Resubmission (Non-Recordation)
- ☐ Correction of PTO Error
- ☐ Corrective Document
- Reel # Frame #
- Reel # Frame #

Conveyance Type

- ☐ Assignment
- ☐ License
- ☐ Merger
- ☐ Security Agreement
- ☐ Change of Name
- ☒ Other: Covenant Not To Sue

Conveying Party(ies)

1. Hydraulic Design Consultants, Inc.
2. Geraldine Kasko Petro-Mollo, individually and as the Executrix of the Estate of James Mollo, Deceased
- 3.
- 4.
- 5.
- 6.

Execution Date(s)

July 8, 2004

July 8, 2004

☐ Mark if Additional Names of Conveying Parties Attached**Receiving Party**

Name Haldex Hydraulics Corporation, f/k/a Haldex Barnes Corporation, f/k/a John S. Barnes Corporation

Name

Address 2222 15th Street

Address

Address Rockford Illinois 61104-7390

City State/Country Zip Code

☐ Mark if Additional Names of Receiving Parties Attached**Correspondent Name and Address**

Andrew J. Heinisch

Leydig, Voit & Mayer, Ltd.

6815 Weaver Road, Suite 300

Rockford, Illinois 61114-8018

Telephone: (815) 963-7661

Facsimile: (815) 963-7664

Attorney Docket No. 502316

Pages Enter the total number of pages of the attached conveyance document including any attachments: 11**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 Numbers**Patent Numbers**

			5,487,403	5,515,879	

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: 2

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$80.00

Method of Payment:

- ☐ Enclosed is a check in the amount of
- ☒ Charge Deposit Account No. 12-1216

Authorization to Charge Additional Fees to Deposit Account No. 12-1216: ☒ 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.

Andrew J. Heinisch, 43666

Name of Person Signing

Signature

August 11, 2004

Date

08/18/2004 6TON11 00000140 121216 5487403

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PATENT
REEL: 015703 FRAME: 0108

RELEASE AND SETTLEMENT AGREEMENT

Now come the parties to this Release and Settlement Agreement (the "Agreement"), Haldex Hydraulics Corporation, f/k/a Haldex Barnes Corporation, f/k/a John S. Barnes Corporation, including its officers, directors, agents, representatives, attorneys, parent corporations, subsidiaries, affiliates, any other person or entity in privity therewith, and any person or entity that is controlled by, or under common control with, any of the foregoing (collectively referred to herein as "Haldex"), and Hydraulic Design Consultants, Inc. including its officers, directors, agents, representatives, attorneys, parent corporations, subsidiaries, affiliates, any other person or entity in privity therewith, and any person or entity that is controlled by, or under common control with, any of the foregoing, (collectively referred to herein as "HDC"), and Geraldine Kasko Petro-Mollo, individually and as the Executrix of the Estate of James Mollo, Deceased, (collectively referred to herein as "Mrs. Mollo"), and in consideration of the mutual covenants herein, state and agree as follows:

1. Haldex and James R. Mollo (now deceased) entered into a License Agreement on May 19, 1992, which provided among other things that Haldex would have exclusive rights to various intellectual property rights relating to various hydraulic pumping technology. This License Agreement is referred to herein as the "1992 License", a true and correct copy of which is attached hereto as Exhibit A. This Agreement is intended to supercede the 1992 License.

2. James R. Mollo attempted to terminate the 1992 License in 1995 by sending Haldex a letter dated January 5, 1995, a true and correct copy of which is attached hereto as Exhibit B.

3. Haldex resisted James R. Mollo's attempt to terminate the 1992 License in 1995, by writing to James R. Mollo and asserting that Haldex was not in breach of the 1992 License, and by continuing to pay the appropriate royalties to James R. Mollo at the same rate that it previously had paid them up to and through May 20, 2002.

4. On March 28, 2003, HDC wrote to Haldex and proposed a new license which contained an assertion that HDC was the owner of the four subject Mollo patents referenced in paragraph 5 below. Attached hereto and incorporate herein as Exhibit C is a true and correct copy of HDC's letter of March 28, 2004, and a copy of the proposed license enclosed therein.

5. Haldex refused to sign the new license proposed by HDC, and asserted that it already owned a fully paid, exclusive right to the following four patents, which are referred to hereinafter collectively as the "four subject Mollo patents":

- A. United States Patent No. 5,244,358
- B. United States Patent No. 5,368,061
- C. United States Patent No. 5,487,403

D. United States Patent No. 5,515,879

6. HDC and Mrs. Mollo disagreed with Haldex's assertion of rights regarding the four subject Mollo patents, and threatened suit against Haldex unless Haldex would sign a new license with HDC.

7. In addition, notwithstanding that HDC's proposed license contained an assertion that it owned the rights to certain technology covered by the four subject Mollo patents, Mrs. Mollo asserted that she was the exclusive owner of the four subject Mollo patents, as the sole heir of the Estate of James Mollo, deceased, pursuant to the Last Will and Testament of James Mollo dated June 19, 2000, a true and correct copy of which is attached hereto as Exhibit D.

8. Mrs. Mollo further asserted that, as the sole heir to the Estate of James R. Mollo, deceased, she assigned all right, title and interest in the four subject Mollo patents to HDC pursuant to an assignment executed on August 22, 2003, a true and correct copy of which is attached hereto as Exhibit E.

9. In order to seek an orderly, judicial resolution of the conflicting claims to the four subject Mollo patents, Haldex filed a declaratory judgment action in the United States District Court for the Northern District of Illinois, Western Division, as case no. 03 C 50404 (referred to herein as the "Lawsuit").

10. Following the filing and service of the Lawsuit upon HDC and Mrs. Mollo, the parties engaged in settlement negotiations in order to resolve the disputes regarding the rights to the four subject Mollo patents, which negotiations resulted in a settlement, the terms of which are contained herein.

11. Pursuant to the settlement reached by the parties, and without an admission of liability, which is expressly denied, Haldex agrees that it shall continue to pay royalties to HDC at the rate of \$5.50 per unit, for all units sold from the period of May 21, 2002 through December 31, 2006. Within 14 days of the execution of this Agreement by Haldex, it shall pay to HDC, by check payable to Hydraulic Design Consultants, Inc., the royalties due under this Agreement for the sale of units for the period of May 21, 2002 through March 31, 2004, which the parties hereto agree total \$13,733.50 (1048 additional units for 2002, 1255 units for calendar 2003, and 194 units for 1st Quarter 2004, for a total of 2497 units at \$5.50 per unit, totaling \$13,733.50). The remaining royalty payments for the period of April 1, 2004 through December 31, 2006 shall be paid by Haldex to HDC (by check payable to Hydraulic Design Consultants, Inc.) within 30 days of the close of each successive quarter through December 31, 2006. As used herein, the term "unit" means hydraulic pumps manufactured and sold by Haldex which are covered by either or both of the following patents: U.S. Patent Nos. 5,244,358 and /or 5,368,061.

12. After December 31, 2006, Haldex shall have no further obligation to pay royalties

or other monies or consideration of any kind to HDC or Mrs. Mollo.

13. In consideration of Haldex's covenant herein, HDC, and its officers and directors in their representative capacity and individually, and Mrs. Mollo, individually, as an officer and director of HDC and as the Executrix of the Estate of James R. Mollo each represent and warrant that there are no previous, existing or contemplated licenses, contracts, covenants or agreements of any kind with any party (other than the 1992 License with Haldex) that relate to or touch upon United States patent nos. 5,244,358 and 5,368,061 that allow any third party to make, use, sell, or offer for sale any product that comes within the scope of United States Patent nos. 5,244,358 and 5,368,061, and further represent and warrant that there are no previous or existing licenses, contracts, covenants or agreements of any kind (other than the 1992 License) that relate to any of the four subject Mollo patents, or any parts thereof that allow any third party to make, use, sell or offer for sale any product that comes within the scope of the Mollo patents. In addition, HDC, and its officers and directors in their representative capacity and individually, and Mrs. Mollo individually, as an officer and director of HDC and as the Executrix of the Estate of James R. Mollo, each represent and warrant that HDC has complete and full unencumbered title to U.S. Patent Nos. 5,244,358 and 5,368,061; that HDC can lawfully exclusively license U.S. Patent Nos. 5,244,358 and 5,368,061 to Haldex as provided for herein; and that they agree to execute any and all documents and take other such action as may be necessary in the future to otherwise perfect Haldex's ownership and enforcement of an exclusive right in U.S. Patent Nos. 5,244,358 and 5,368,061 as a result of this Agreement. Haldex is intended to have the sole right to license third parties and have the sole right (but not the obligation) to enforce the exclusively licensed patents, at its own expense, and HDC and Mrs. Mollo agree to assist in such matters as necessary to enable Haldex to fully exploit such exclusively licensed rights.

14. HDC and Mrs. Mollo further represent and warrant that neither James Mollo, HDC nor Mrs. Mollo, nor any of their officers, directors, shareholders, agents, privities or assignees, has received any monies or consideration of any kind with respect to the four subject Mollo patents or any part thereof (other than directly from Haldex) from any third party for the making, using, selling, or offering for sale of any product that comes within the scope of the Mollo patents; and they represent and warrant that none of them expects to receive any monies or consideration in the future from any person or entity (other than from Haldex as provided herein) with respect to United States Patent nos. 5,244,358 and 5,368,061.

15. In consideration of Haldex's covenant herein, HDC and Mrs. Mollo agree to cooperate with Haldex and its counsel, without further compensation, in providing all reasonable and necessary historical information, as determined by Haldex, with respect to the computation and payment of historical fees and expenses to the United States Patent and Trademark Office ("USPTO") with respect to the United States Patent nos. 5,244,358 and 5,368,061. This obligation includes but is not limited to signing such documents and taking other acts as may be reasonable and necessary (as determined by Haldex) to determine the status of and propriety of any historic payments made (or omitted) by HDC, James R. Mollo and / or Mrs. Mollo, and to provide assistance to Haldex in establishing HDC's and / or James R. Mollo's and / or Mrs.

Mollo's good faith in historically paying those maintenance fees. HDC and Mrs. Mollo further agree to provide assistance to Haldex as is reasonably requested by Haldex with respect to seeking any relief from the USPTO with respect to the historical fee and expense payments made (or not made) to the USPTO by HDC, James R. Mollo and / or Mrs. Mollo with respect to those patents. In addition, HDC and Mrs. Mollo shall be jointly and severally liable to Haldex for all attorneys' fees and expenses it incurs in connection with attempting to correct or address any historical underpayment of patent fees to the USPTO by HDC, Mr. Mollo and /or Mrs. Mollo. Based on the foregoing, it is the intention of the parties hereto that:

A. Haldex will have the right, but not the obligation, to pay maintenance fees to the USPTO from the settlement date forward on U.S. Patent Nos. 5,244,358 and 5,368,061, which fees are first assessed by the USPTO from the date this Agreement has been fully executed by all parties (referred to herein as the "settlement date") until those two patents expire. Haldex's right in this regard relates to patent maintenance fees relating to U.S. patent Nos. 5,244,358 and /or 5,368,061 that are first incurred or assessed by the USPTO on or after the settlement date, but does not relate to any fees which were due prior to the settlement date, and does not relate to any fees which are assessed by the USPTO on or after the settlement date but which relate to any historical underpayment or alleged underpayment of fees due for periods prior to the settlement date by HDC, James R. Mollo, or Mrs. Mollo.

B. HDC and Mrs. Mollo shall pay, and be jointly and severally obligated under this Agreement to pay, all USPTO fees for U.S. Patent Nos. 5,244,358 and 5,368,061 that relate to any historical underpayment of fees for any period prior to the settlement date, regardless of when those fees were assessed or are assessed by the USPTO.

C. Haldex has no duty to pay USPTO maintenance fees on U.S. Patent Nos. 5,244,358 and 5,368,061, and has the right to allow those patents to lapse into the public domain if it so chooses, in its sole discretion.

D. Haldex has no duty whatsoever with respect to U.S. Patent Nos. 5,487,403 and 5,515,879, and any obligation to pay past, present or future USPTO fees with respect to those patents, if they wish to maintain them in force, shall be solely upon HDC and Mrs. Mollo.

E. If Haldex receives written notice of any USPTO action or potential action relating to any historical maintenance fees which relate to any periods prior to the settlement date, it shall endeavor to provide a copy of such notice to HDC and Mrs. Mollo in care of their counsel at the BLK Law Group, Blynn Shideler, Esq., 3500 Brooktree Road, Suite 900, Wexford, PA, 15090. In such case, subject to the conditions below, HDC and Mrs. Mollo shall have the first right, at their sole expense, to attempt to correct / address any such USPTO action or potential action. On the conditions that HDC and/or Mrs. Mollo acts in a timely and commercially reasonable manner in addressing any such USPTO action or potential action, by responding to any such USPTO communication within 14 calendar days of notice by Haldex, and by otherwise acting in a commercially reasonable manner in addressing any such USPTO action or potential action,

and on the condition that HDC and Mrs. Mollo keep Haldex timely apprised in writing of their efforts to do so, HDC and Mrs. Mollo shall have the first right, at their sole expense, to attempt to correct / address any such USPTO action or potential action. In the event that HDC or Mrs. Mollo fails to comply strictly with these conditions, with time being of the essence, Haldex may then act as it deems appropriate, in responding to any such USPTO action or potential action. In such case, HDC and Mrs. Mollo shall be jointly and severally obligated to promptly reimburse Haldex for the reasonable attorneys' fees and expenses it incurs in so acting. Should Haldex incur any such attorneys' fees or expenses, and should HDC and Mrs. Mollo fail to pay the same within 14 days of written demand by Haldex, Haldex shall have the right to assert such claim as a setoff against any payments due or to become due to HDC under this Agreement. Haldex's right of setoff in this regard shall not limit any of its rights in any manner, and shall not be considered an exclusive remedy with respect to any such claim.

16. HDC and Mrs. Mollo hereby fully and irrevocably grant to Haldex an exclusive license to United States Patent nos. 5,244,358 and 5,368,061 with rights in Haldex to sublicense to third parties and the ability of Haldex to enforce these rights against third parties at Haldex's expense, and thereby fully relinquish any and all rights to United States Patent nos. 5,244,358 and 5,368,061. In so doing, HDC and Mrs. Mollo understand and agree that Haldex is the exclusive owner of all rights in those patents, and further agree to defend, indemnify and hold harmless Haldex of and from any claims or assertions by any third parties which in any way conflict with Haldex's status as the exclusive licensee of those patents. In addition, the parties agree that neither HDC nor Mrs. Mollo is obligated to pay any patent maintenance fees for those two patents which first become due on or after the date this Agreement has been signed by all parties.

17. HDC and Mrs. Mollo represent and warrant that all existing and prior products of Haldex do not infringe upon, in whole or in part, and are not covered by, in whole or in part, United States Patent nos. 5,487,403 or 5,515,879. HDC and Mrs. Mollo (and their officers, directors, shareholders, agents, licensees, privities, assignees and successors in interest) further covenant not to sue Haldex with respect to any prior or existing Haldex products previously sold or sold in the future. HDC and Mrs. Mollo represent and warrant that they will notify in writing any third party with whom they might seek to license United States patent nos. 5,487,403 and / or 5,515,879 of the covenant not to sue Haldex, and that they will require in any such licenses with third parties that said third parties shall be subject to and bound by this covenant not to sue Haldex.

18. HDC and Mrs. Mollo, on the one hand, and Haldex, on the other hand, hereby release and discharge one another of and from any claims or causes of action of any kind, whether based on contract, statute, common law or otherwise, relating to any fact, circumstance, act omission or other matter from the beginning of time up to and including the date of execution of this Agreement. This mutual release does not extend to obligations which are contained in this Agreement.

19. Haldex agrees that it will dismiss the Lawsuit without prejudice, upon motion

and / or by stipulation, within fourteen days of the receipt of a copy of this Agreement executed by a duly authorized officer of HDC, each officer and director of HDC, and by Mrs. Mollo.

20. The parties further agree that any dispute arising out of or relating to this Agreement, or any part of the subject matter thereof, shall be litigated in the United States District Court for the Northern District of Illinois, Western Division, and in no other forum, unless that court were to determine that it lacked subject matter jurisdiction to adjudicate the dispute, in which case the parties agree that any such dispute shall be litigated in the Circuit Court of Winnebago County, Illinois, and in no other forum.

21. The parties hereto agree that, in the event of a dispute arising out of or relating to this Agreement or any part of the subject matter thereof, the party that prevails in any such dispute shall be entitled, in addition to any other relief, to an award of attorneys' fees, and litigation costs and expenses against the non-prevailing party or parties.

22. The parties hereto represent that they have had the advice of their own, independent counsel, in entering into this Agreement, and that they do so of their own free will, without coercion or duress.

23. The parties further represent that, in entering into this Agreement, they have not relied on any representations, warranties or other statements made by any other party, other than the statements expressly contained in this Agreement.

24. The parties hereto acknowledge that this Agreement is the product of mutual drafting by all the parties and their respective counsel, and as such, agree that any ambiguity shall not be construed against any party in favor of another party.

25. HDC and Mrs. Mollo (individually and as the Executrix of the Estate of James R. Mollo, deceased) shall execute an Exclusive License of U.S. Patents, in the form attached hereto as Exhibit F (titled "U.S. Patent Interest"), for purposes of recording the same in the United States Patent and Trademark Office, upon the execution of this Agreement, with the effect of such document effectively transferring all rights and interest in U.S. Patent Nos. 5,244,358 and 5,368,061 to Haldex.

Date: 13 July 2004

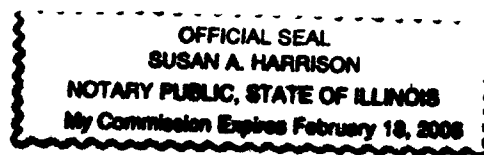
Haldex Hydraulics Corporation

By: David B. Jones

Its: Secretary

Subscribed and sworn to me
this 13th day of July, 2004

Susan A. Harrison
NOTARY



Date: July 8, 2004

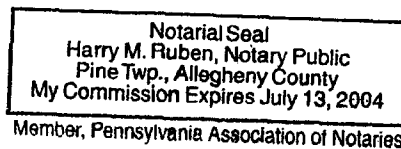
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF ALLEGHENY

Subscribed and sworn to me
this 8th day of July, 2004

Harry M. Ruben
NOTARY

Geraldine Petro Mollo
Geraldine Petro Mollo

Geraldine Kasko Petro-Mollo, individually
and as the Executrix of the Estate of James
Mollo, Deceased



Date: July 8, 2004

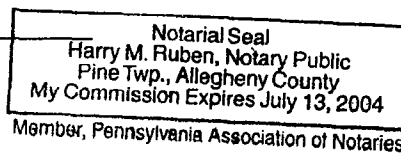
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF ALLEGHENY

Subscribed and sworn to me
this 8th day of July, 2004

Harry M. Ruben
NOTARY

Hydraulic Design Consultants, Inc.

By: Geraldine Petro Mollo
Its: President



Each Officer and Director of Hydraulic Design Consultants, Inc. :

Date: 7/2/04

[Signature] RTE.
Signature

Michael J. Petro
Type or Print Name

Subscribed and sworn to me
this 2 day of July, 2004

Rosemarie T. Evatt
NOTARY



"OFFICIAL SEAL"
Rosemarie T. Evatt
My Commission Expires 4/28/2008
Commission #CC 998522

Date: 7-8-04

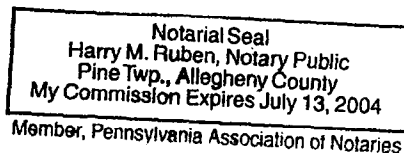
[Signature]
Signature

Geraldine Petro-Mollo
Type or Print Name

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF ALLEGHENY

Subscribed and sworn to me
this 8th day of July, 2004

[Signature]
NOTARY



Date: _____

Signature

Type or Print Name

Subscribed and sworn to me
this ____ day of _____, 2004

NOTARY

Release.01c