

PATENT ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Judgment
CONVEYING PARTY DATA	
Name	Execution Date
Immudyne, Inc.	10/19/1998
RECEIVING PARTY DATA	
Name:	37th Judicial District Court, Bexar County, Texas
Street Address:	100 Dolorosa, 4th Floor
City:	San Antonio
State/Country:	TEXAS
Postal Code:	78205
PROPERTY NUMBERS Total: 1	
Property Type	Number
Application Number:	10366538
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Total Attachments: 6 source=IMMU1100-1 (McLaughlin v. Immudyne Judgment)#page1.tif source=IMMU1100-1 (McLaughlin v. Immudyne Judgment)#page2.tif source=IMMU1100-1 (McLaughlin v. Immudyne Judgment)#page3.tif source=IMMU1100-1 (McLaughlin v. Immudyne Judgment)#page4.tif source=IMMU1100-1 (McLaughlin v. Immudyne Judgment)#page5.tif source=IMMU1100-1 (McLaughlin v. Immudyne Judgment)#page6.tif	

PATENT

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NO. 94-CI-03564

MARK McLAUGHLIN AND
TOM McCARVILL

VS.

IMMUDYNE, INC., BYRON A. DONZIS
JAMES D. WOOD AND CARMEL
RESEARCH, INC.

IN THE DISTRICT COURT

37TH JUDICIAL DISTRICT

BEXAR COUNTY, TEXAS

JUDGMENT

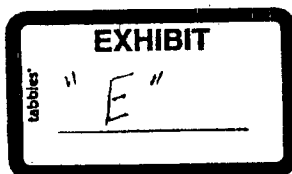
On this day came on to be heard Mark McLaughlin and Tom McCarvill's Motion for Entry of Rule 11 Agreement as Judgment (the "Motion"). After hearing the arguments of counsel and reviewing the Motion, the Motion is hereby GRANTED. The parties to this litigation, IMMUDYNE, INC., a Delaware corporation ("Immudyne"), CARMEL RESEARCH, INC., a Delaware corporation ("Carmel"), BYRON DONZIS ("Donzis"), JAMES WOOD ("Wood"), hereinafter collectively referred to as Defendants, and MARK W. McLAUGHLIN ("McLaughlin") and THOMAS McCARVILL ("McCarvill"), hereby agree, and it here hereby ordered (the "Judgment"), effective October 26, 1996, (the date of that certain Rule 11 agreement between Plaintiffs and Defendants hereinafter referred to as the "effective date" of the Judgment), as follows:

Plaintiffs and Defendants agree to settle all disputes presently pending or which could have been brought prior to the effective date of this Judgment, in any court or administrative agency worldwide concerning any rights claimed by Plaintiffs and Defendants. The material terms of this Judgment are set forth below.

A. IMMUDYNE STOCK TRANSFER AND CANCELLATION

1. Immudyne warrants and represents that, at the effective date of this Judgment, there are no more than 21,062,277 (Twenty-One Million, Sixty-Two Thousand, Two Hundred Seventy-Seven) shares of Immudyne stock outstanding, on a fully diluted basis.
2. Immudyne warrants and represents that, at the effective date of this Judgment, Immudyne has no plans to issue any additional stock, stock options, or stock warrants.
3. Immudyne warrants and represents that, at the effective date of this Judgment, there are no issuances of additional stock, stock options, or stock warrants of Immudyne stock pending.

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4. Carmel agrees to re-transfer 3,250,000 shares of Immudyne stock to Immudyne at closing in contribution to this settlement and will receive no remuneration from Immudyne for such transfer.
5. Immudyne agrees to transfer to McLaughlin 1,050,000 shares of Immudyne stock at closing, and will receive no remuneration from McLaughlin for such transfer.
6. Immudyne agrees to transfer to Akin, Gump 500,000 shares of Immudyne stock at closing, and will receive no remuneration from Akin, Gump for such transfer.
7. Immudyne agrees, at closing, to cancel the remaining 1,700,000 shares of the Immudyne stock re-transferred by Carmel to Immudyne.
8. Defendants agree that McLaughlin will be allowed to exercise his option for 50,000 shares of stock as set forth in the Option Agreement previously entered between McLaughlin and Immudyne.
9. Immudyne agrees that with respect to the shares of Immudyne stock owned by McLaughlin and Akin, Gump, McLaughlin and/or Akin, Gump shall have the right to demand a shelf registration right on the company, and unlimited piggy-back registration rights, subject to Immudyne being able to do so legally at one time. However, the shelf registration right shall exist only if Immudyne does not become a reporting company under the 1934 Act within one year of execution of the effective date of this Judgment. In the event of such shelf registration, Immudyne and McLaughlin and/or Akin, Gump shall divide the costs of the shelf registration equally, provided Immudyne is financially capable of paying such costs at the time of demand. Immudyne shall be deemed to be "financially capable" if the cost to Immudyne of such shelf registration will not adversely effect the solvency of the company. If Immudyne is not financially capable, then McLaughlin and/or Akin, Gump may advance all of the costs and proceed with the shelf registration, and Immudyne will fully cooperate with such registration. However, Immudyne agrees to reimburse the costs which would otherwise be divided and charged to Immudyne as soon as Immudyne is financially capable of so doing, as defined above. Immudyne shall bear the costs of any piggyback registration rights exercised by McLaughlin and/or Akin, Gump.
10. In the event that Immudyne makes any stock offering, stock sale or private placement, Immudyne agrees that McLaughlin, Akin, Gump, and the shareholders of Immudyne shall have the right to purchase sufficient shares of Immudyne stock, at the price of the stock offering, stock sale or private placement, to prevent dilution of their stock position until the \$500,000.00 is paid in full.

B. PATENT TECHNOLOGY

1. Donzis and any Donzis owned or controlled entities, reaffirm that, as set forth in the license agreements between Donzis, Donzis Research, Inc. and Donzis Laboratories, Inc. and Carmel, Carmel is the sole and exclusive licensee worldwide for all patents currently licensed by said entities to Carmel, and shall be the sole and exclusive licensee for such patents and related technology and all improvements on such patents and related technology.

2. Carmel reaffirms that, as set forth in the license agreements between Carmel and Immudyne, Immudyne is the sole and exclusive licensee worldwide for all patents currently licensed to Immudyne, and shall be the sole and exclusive licensee for such patents and related technology and all improvements on such patents and related technology.

3. Donzis warrants and represents that, to the extent that Donzis owns any right, title or interest in the license agreement between Carmel and Immudyne, that Immudyne is the sole and exclusive licensee of all patents and related technology currently licensed to Immudyne. Donzis further warrants and represents that, to the extent that Donzis owns any right, title or interest in the license agreement between Carmel and Immudyne, Immudyne shall be the sole and exclusive licensee of all improvements on patents currently licensed to Immudyne, and all related technology.

4. Carmel warrants and represents that, to the extent that Carmel owns any right, title or interest in the license agreement between Donzis, Donzis Research, Inc., Donzis Laboratories, Inc. and Carmel, that Carmel is the sole and exclusive licensee of all patents and related technology currently licensed to Carmel. Carmel further warrants and represents that, to the extent that Carmel owns any right, title or interest in the license agreement between Donzis, Donzis Research, Inc., Donzis Laboratories, Inc. and Carmel, Carmel shall be the sole and exclusive licensee of all improvements on patents currently licensed to Carmel, and all related technology.

5. Donzis, Wood and Carmel agree that they shall not compete with Immudyne, directly or indirectly, concerning any patents which fall within the scope of paragraphs 1 - 4, above.

C. IMMUDYNE

1. Donzis, Carmel, Wood and McLaughlin agree that they will use their best efforts to make Immudyne a profitable venture and maximize sales, consistent with their roles in the company.

2. Immudyne agrees to insure that all of its business dealings are arms length in all respects. In this regard, Immudyne will enter a Non-Exclusive Distributorship Agreement with Nutritional Supply Company and will allow McLaughlin and Akin, Gump to review and approve the agreement in their sole discretion. The agreement with Nutritional Supply Company will be finalized and executed prior to closing pursuant to this Judgment.

3. Defendants agree that Immudyne will elect an individual designated by McLaughlin to the board of directors of Immudyne until the next annual shareholder's meeting. At the next annual shareholder's meeting, an individual designated by McLaughlin will be included to stand for election and will be endorsed by Immudyne for a position on the board of directors. Immudyne will continue to endorse an individual designated by McLaughlin for a position on the board of directors for a period of five (5) years from the date of execution of this agreement. Wood, Donzis, and Carmel will either: (i) vote in favor of the McLaughlin representative; or (ii) will not oppose the McLaughlin representative and will abstain from

voting. In addition, Wood, Donzis and Carmel agree that, in the event that they do not choose to vote in favor of the McLaughlin representative, they will not directly or indirectly oppose the McLaughlin representative and will not make any negative or disparaging statements with regards to the fitness of the McLaughlin representative to serve as a member of the board of directors. Wood, Donzis and Carmel agree that they will be subject to these obligations for a period of five (5) years from the effective date of this Judgment.

D. CARMEL DEBT

1. Immudyne will execute to Carmel a promissory note in The amount of \$240,000.00 bearing interest at the rate of two percent (2%) per annum. Carmel agrees that this promissory note represents all past due royalties currently owed to Carmel by Immudyne through September 30, 1996. No payments will be made on the note to Carmel until after the \$500,000.00 payment set forth herein is paid in full by Immudyne. However, Carmel shall be paid by Immudyne all royalties due to Carmel for the month of October, 1996.
2. Carmel and Donzis agree not to terminate the license agreements regarding the patent technology covered by Article B of this Judgment, even in the event of default, for the period during which the \$500,000.00 payment set forth herein is being made to McLaughlin and Akin, Gump.
3. Immudyne warrants and represents that, at the effective date of this Judgment, there are no payments, transfers of money, transfers of Immudyne stock, transfers of Immudyne stock options, transfers of Immudyne stock warrants, debts or other obligations to Defendants (other than those set forth in this Judgment) in existence, intended, or pending, other than in the ordinary course of business.
4. Wood warrants and represents that, at the effective date of this Judgment, there are no payments, transfers of money, transfers of Immudyne stock, transfers of Immudyne stock options, transfers of Immudyne stock warrants, debts or other obligations to Defendants (other than those set forth in this Judgment) in existence, intended, or pending to the best of his knowledge.
5. Carmel warrants and represents that, at the effective date of this Judgment, there are no payments, transfers of money, transfers of Immudyne stock, transfers of Immudyne stock options, transfers of Immudyne stock warrants, debts or other obligations to Defendants (other than those set forth in this Judgment) in existence, intended, or pending to the best of its knowledge.
6. Donzis warrants and represents that, at the effective date of this Judgment, there are no payments, transfers of money, transfers of Immudyne stock, transfers of Immudyne stock options, transfers of Immudyne stock warrants, debts or other obligations to Defendants (other than those set forth in this Judgment) in existence, intended, or pending to the best of his knowledge.

E. CARMEL ROYALTY

1. Effective November 1, 1996, Carmel's royalty on all licenses to Immudyne which are currently in place shall be reduced to 10%.

2. Immudyne shall pay to McLaughlin and Akin, Gump the amount of \$500,000.00. Effective November 1, 1996, 2% of the 10% royalty owed to Carmel shall be paid to Carmel on a monthly basis. The remaining 8% royalty shall be paid by Immudyne to McLaughlin and Akin, Gump, beginning on February 10, 1997, until the amount of \$500,000.00 is paid. Of the \$500,000.00 due to McLaughlin and Akin, Gump, \$70,000.00 will be paid on or before December 28, 1996. In addition, the February 10, 1997 payment by Immudyne shall be in the amount of \$30,000.00. Thereafter, the 8% royalty shall be paid by Immudyne to McLaughlin and Akin, Gump on the tenth of each month until the \$500,000.00 is paid in full.

3. McLaughlin shall have the right, on a quarterly basis to have an audit conducted to determine the accuracy of the royalty payments being made pursuant to this agreement. If the audit determines that there is a differential of five percent (5%) or greater between the amounts paid and the amounts which the audit determines are rightfully owed, Immudyne shall, within 10 days of receipt of written notice of such, pay the difference and shall be charged for the costs of the audit. If the differential is found to be less than five percent (5%), McLaughlin shall bear the costs of the audit.

F. RELEASES AND DISMISSAL

1. The State and Federal Court litigation will be dismissed. However, release of the Defendants will be contingent upon:

- (1) performance of the obligations set forth in the following paragraphs of this Judgment: A-4, A-5, A-6, A-7, A-8, A-9, A-10, and E-2; and
- (2) neither Immudyne nor Carmel voluntarily filing for bankruptcy, or being forced into involuntary bankruptcy by any Defendant, or anyone acting at the direction of any Defendant or with that Defendant's knowledge and consent, within three (3) years of the date of closing pursuant to this Judgment, or until payment of the \$500,000.00 to McLaughlin and Akin, Gump is complete, whichever is later.

2. The parties agree to issue a mutually agreeable press release once Court signs this Judgment.

G. PRESS RELEASE

1. Subsequent to full execution by all parties of this Judgment, a press release, reading as follows, will be issued by Immudyne, Inc.:

The material terms of a settlement have been reached between Mark W. McLaughlin, Thomas McCarvill, Immudyne Inc., Byron Donzis, James Wood, and Carmel Research.

Inc., regarding all disputes between them, including but not limited to the cases styled *Mark McLaughlin and Tom McCarvill vs. Immudyns. Inc.*, *Byron A. Donzis, James D. Wood and Carmel Research. Inc.*, Cause No. 94-CI-03564, In the 225th Judicial District Court, Bexar County, Texas and *Immudyne, Inc.*, *Byron A. Donzis and James D. Wood v. Mark W. McLaughlin*, Cause No. H-95-5845, In the United States District Court, Southern District of Texas, Houston Division. The settlement is subject to Court approval.

2. From the time of the effective date of this Judgment, no party, its officers, directors, employees, agents, attorneys, affiliates, licensees, successors, assigns, or representatives will communicate, by any means, in any manner, or in any way shape or form, including but not limited to e-mail other means of InterNet communication, with any individual or entity concerning the litigation, the parties, or the terms of settlement. No comments, including but not limited to disparaging comments shall be made concerning any party.

3. If any such communication occurs, the non-offending party shall have the right to publicize the full terms of the settlement.

H. VENUE

1. Any action brought to enforce any of the provisions of this Judgment, or any action brought concerning any of the matters made the basis of this Judgment, shall be brought only in the State District Court of Bexar County, Texas.

David Buchelmann
JUDGE

Dated this 19 day of October, 1998,
Effective October 26, 1996

APPROVED AS TO SUBSTANCE AND FORM:

Jesse R. Castillo
Jesse R. Castillo

ATTORNEY FOR IMMUDYNE

Michael B. Lee
Michael B. Lee

ATTORNEY FOR BYRON DONZIS

Erik B. Walker
Erik B. Walker

ATTORNEY FOR CARMEL

R. Laurence Macon
R. Laurence Macon

ATTORNEY FOR PLAINTIFFS