

JEFFREY R. STONE COMPANY/ALTERA LAW GROUP, LLC

3/23/2010 12:36 PM 03/23/2010 15712730140 PAGE: 001 OF 023

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Form PTO-1595 (Rev. 03-09)
OMB No. 0651-0027 (exp. 03/31/2009)U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office**RECORDATION FORM COVER SHEET
PATENTS ONLY**

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)

Shturman Medical Systems, Inc.

2. Name and address of receiving party(ies)

Name: Cardiovascular Systems, Inc.

Internal Address: _____

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No**3. Nature of conveyance/Execution Date(s):**Execution Date(s) March 22, 2010☐ Assignment☐ Merger☐ Security Agreement☐ Change of Name☐ Joint Research Agreement☐ Government Interest Assignment☐ Executive Order 9424, Confirmatory License☒ Other Transfer of interestStreet Address: 651 Campus DriveCity: St. PaulState: MNCountry: United States Zip: 55112Additional name(s) & address(es) attached? ☐ Yes ☒ No**4. Application or patent number(s):**

A. Patent Application No.(s)

12/515524

☐ This document is being filed together with a new application.

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No**5. Name and address to whom correspondence concerning document should be mailed:**Name: Jeffrey R. StoneInternal Address: ALTERA LAW GROUP, LLCStreet Address: 1700 US Bank Plaza S220569City: MinneapolisState: MNZip: 55402Phone Number: 612-436-3151Fax Number: 952-912-0574

Email Address: _____

6. Total number of applications and patents involved: 1**7. Total fee (37 CFR 1.21(h) & 3.41) \$40**☒ Authorized to be charged to deposit account☐ Enclosed☐ None required (government interest not affecting title)**8. Payment Information**Deposit Account Number 501038Authorized User Name STONE, Jeffrey R.**9. Signature:**

Signature

March 23, 2010

Date

Jeffrey R. Stone
Name of Person SigningTotal number of pages including cover
sheet, attachments, and documents:

23

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Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1480, Alexandria, V.A. 22313-1480

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PATENT
REEL: 024188 FRAME: 0699

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant:	Leonid Shturman	Examiner:	
Serial No.:	12/373418	Group Art Unit:	3731
Filed:	January 12, 2009	Confirmation No.:	1365
Title:	ROTATIONAL ATHERECTOMY DEVICE WITH FLUID INFLATABLE SUPPORT ELEMENTS SUPPORTED BY FLUID BEARINGS		

Dear Sir:

I, James E. Flaherty, declare and say as follows:

1. I am the Chief Administration Officer for Cardiovascular Systems, Inc ("CSI") and have served in this capacity since January, 2008. I was CSI's Chief Financial Officer from 2003 through December, 2007. Prior to joining the company I served as the Chief Financial Officer for four publicly traded companies. I received my bachelor's degree in public accounting from Loyola University in Chicago.

2. As part of my duties at CSI, I have been involved with and managed the dispute between CSI and Dr. Leonid Shturman as it relates to ownership of the Counterweight Invention as it is defined herein.

3. On or about November 30, 2006, CSI discovered that Dr. Shturman applied for the first of a series of at least 8 patents in Great Britain. These applications are all subsequently being prosecuted in additional countries, including the United States at the USPTO; these US patent applications are listed below.

4. It is my belief and understanding that each of these 8 patent applications contains subject matter describing, and at least one published claim that incorporates, the Counterweight Invention.

5. CSI filed a federal lawsuit in the United States District Court, District of Minnesota on August 20, 2007 against Dr. Leonid Shturman seeking, *inter alia*, ownership of the Counterweight Invention.

6. CSI then filed a Demand for Arbitration against Dr. Shturman's company Shturman Medical Systems, Inc., on August 16, 2007.

7. Following Arbitration between the parties and on May 5, 2008, the Arbitrator determined, *inter alia*, that Dr. Shturman's company Shturman Medical Systems, Inc., should have transferred the Counterweight Invention, i.e., certain "know-how, comprised of one or more counterbalance weights on or near the abrasive element of the drive shaft", to CSI in 2002.

8. The Arbitrator further concluded that Shturman Medical Systems, Inc., breached its agreements with CSI by failing to transfer the Counterweight Invention to CSI in 2002. The Arbitrator ordered Shturman Medical Systems, Inc. to transfer its interest in the Counterweight Invention to CSI.

9. A true and correct copy of the Arbitration Award is attached hereto as Exhibit 1.

10. Subsequently, on July 15, 2008, Judge Robert Blaeser, Judge of Hennepin County District Court, ordered *inter alia* the Arbitration Award Confirmed.

11. A true and correct copy of the Findings of Fact, Conclusions of Law and Order for Judgment comprising Judge Blaeser's Order of July 15, 2008 is attached hereto as Exhibit 2.

12. Accordingly, on July 21, 2008, Shturman Medical Systems, Inc., by Dr. L. Shturman, its shareholder, executed a Transfer of Interest whereby "Shturman Medical

Systems, Inc. hereby transfers its interest, if any, in the Counterweight Invention, as defined in the Award of Arbitrator, to Cardiovascular Systems, Inc."

13. A true and correct copy of the Transfer of Interest document of July 2, 2008 is attached hereto as Exhibit 3.

14. Subsequently, on September 4, 2008, a court proceeding was held before United States Magistrate Judge Susan R. Nelson relating to settlement terms of a pending U.S. District Court, District of Minnesota, matter with CSI as plaintiff and Dr. Leonid Shturman as defendant.

15. A true and correct copy of the September 4, 2008 transcript of proceedings is attached hereto as Exhibit 4.

16. Lines 1-11 of page 4 of the transcript provides, *inter alia*, that CSI takes the position that the Counterweight Invention as defined in transcript paragraph 1, i.e., "certain know-how comprised of one or more counterbalanced weights on or near the abrasive element of the drive shaft", is incorporated into one or more patent applications prepared and filed under direction of Dr. Shturman.

17. The 8 patent applications prepared and filed under direction of Dr. Shturman of which I am presently aware and that are currently pending in the USPTO and that according to my belief and understanding incorporate the Counterweight Invention in the specification and one or more published claims include, but are not limited to:

U.S. 12/515,524 for ROTATIONAL ATHERECTOMY DEVICE WITH FLUID INFLATABLE SUPPORT ELEMENTS AND DISTAL PROTECTION CAPABILITY;

U.S. 12/373,477 for ROTATIONAL ATHERECTOMY DEVICE WITH FLUID INFLATABLE

SUPPORT ELEMENTS AND TWO TORQUE TRANSMITTING COILS;

U.S. 12/373,418 for ROTATIONAL ATHERECTOMY DEVICE WITH FLUID INFLATABLE

SUPPORT ELEMENTS SUPPORTED BY FLUID BEARINGS;

U.S. 12/373,445 for ROTATIONAL ATHERECTOMY DEVICE WITH FLUID INFLATABLE

SUPPORT ELEMENTS AND TORQUE TRANSMITTING MEMBRANE;

U.S. 12/373,461 for ATHERECTOMY DEVICE SUPPORTED BY FLUID BEARINGS;

U.S. 11/920,463 for ROTATIONAL ATHERECTOMY DEVICE WITH DISTAL PROTECTION

CAPABILITY AND METHOD OF USE;


U.S. 11/919,687 for ROTATIONAL ATHERECTOMY DEVICE AND METHOD OF USE; and

U.S. 11/919,686 for ROTATIONAL DEVICE WITH ECCENTRIC ABRASIVE ELEMENT AND
METHOD OF USE.

18. I have read and understood each of these U.S. patent applications and it is my belief and understanding that each of the patent applications listed incorporate the Counterweight Invention in the specification and in one or more of the claims as published.

19. It is also my belief and understanding that that, other than the Transfer of Interest referenced above, Dr. Shturman did not execute an assignment to CSI of any of the claims of any of these U.S. patent applications that incorporate the Counterweight Invention as described herein.

Dated this 22 day of March, 2010.



James E. Flaherty

INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION
International Arbitration Tribunal

In the Matter of the Arbitration between:

Re: 50 133 T 00321 07
Cardiovascular Systems, Inc.
vs
Shturman Medical Systems, Inc.

AWARD OF ARBITRATOR

I, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into between the above-named parties and dated September 21, 2007, and having been duly sworn, and having duly heard the proofs and allegations of the Parties, do hereby, AWARD, as follows:

1. Certain know-how, comprised of one or more counterbalance weights on or near the abrasive element of the drive shaft (the "Counterweight Invention"), was developed pursuant to the Stock Purchase Agreement and/or Working Relationship Agreements between SCS America (now known as Cardiovascular Systems, Inc.) and Shturman Medical Systems, Inc. The Counterweight Invention is associated with atherectomy products.
2. The undersigned finds that pursuant to its agreements with Cardiovascular Systems, Inc., Shturman Medical Systems, Inc. should have transferred the Counterweight Invention to Cardiovascular Systems, Inc. in 2002.
3. The undersigned finds that Shturman Medical Systems, Inc. breached its agreements with Cardiovascular Systems, Inc. by failing to transfer the Counterweight Invention to Cardiovascular Systems, Inc. in 2002.
4. Shturman Medical Systems, Inc. is equitably estopped from refusing to transfer the Counterweight Invention to Cardiovascular Systems, Inc.
5. Shturman Medical Systems, Inc. shall transfer its interest in the Counterweight Invention to Cardiovascular Systems, Inc.
6. The administrative fees and expenses of the American Arbitration Association totaling \$4,500.00 shall be divided equally among the parties, and the compensation and expenses of the arbitrator totaling \$15,150.00 shall be divided equally among the parties. Therefore Shturman Medical Systems, Inc. shall reimburse Cardiovascular Systems, Inc. the sum of \$2,250.00, representing that

EXHIBIT 1



REEL: 024188 FRAME: 0704

portion of said fees and expenses in excess of the apportioned costs previously incurred by Cardiovascular Systems, Inc.. Further, it is the conclusion of the Arbitrators that each party bears their own attorney's fees.

7. This award is in full settlement of all claims submitted to this Arbitration.

MEMORANDUM

Claimant, Cardiovascular Systems, Inc. ("CSI"), the successor in interest to Shturman Cardiology Systems, Inc. ("SCS America") seeks to require Respondent Shturman Medical Systems, Inc. ("SMS") to transfer its interest in the Counterweight Invention to it. The facts as adduced at the hearing in this matter held on April 15-18, 2008 with respect to CSI's claim are as follows:

The parties entered into a Stock Purchase Agreement on June 30, 1998. The relevant portions of the Agreement, for purposes of this proceeding, are found at Paragraph 7.2 of the Agreement which provides in pertinent part as follows:

In exchange, SMS America will enter into a research and development agreement with SCS America pursuant to which SMS America and SCS Russia will transfer to SCS America all intellectual property and know-how associated with atherectomy products and associated successory products which may be developed in the future.

Subsequent to the Stock Purchase Agreement, the parties entered into three separate Working Relationship Agreements. The relevant portion of the Working Relationship Agreements, for purposes of CSI's claim, is found at Paragraph 1.1 and provides, in pertinent part, as follows:

Dr. Shturman and any other employee of SMS America and/or SCS Russia also shall transfer to SCS America all know-how with respect to all technological processes relating to the manufacture of all atherectomy products.

The last Working Relationship Agreement between the parties terminated by its terms on March 31, 2001. However, the evidence adduced at trial clearly showed that the parties continued to operate as they had previously operated under the Working Relationship Agreements referenced

above. That is, Dr. Shturman and the various scientists and engineers which he employed at SCS Russia continued to do research and development work in refining and improving Dr. Shturman's original atherectomy invention. Similarly, CSI and its predecessor in interest continued to send funds to SMS for purposes of paying for the research and development work in Russia.

Importantly, the evidence adduced at the hearing also clearly demonstrated that during the period 2001 and into the beginning of 2002, the parties were aware of a problem that arose in testing the original atherectomy invention of Dr. Shturman in that the drive shaft wire during trials would, on occasion, break. Among other things, the parties believed that this was caused by excessive vibration of the drive shaft wire. Accordingly, the research and development efforts in 2001 and the beginning of 2002 were focused on resolving this problem so that CSI could begin human FDA trials and bring Dr. Shturman's invention to market.

It is also clear from the evidence that the consideration for the Working Relationship Agreement and Stock Purchase Agreement was more than simply the furnishing of funds by CSI to SMS. The Stock Purchase Agreement provided that Dr. Shturman had rights to sell his atherectomy invention in the former states comprising the Soviet Union.

Various disagreements between the parties, including issues relating to the payment of expenses, management fees and salary to Dr. Shturman, led to Dr. Shturman's resignation from CSI and its predecessor on February 15, 2002. In addition, by letter dated February 15, 2002, Dr. Shturman advised CSI that SMS would no longer undertake any activities on behalf of CSI with respect to its research in Russia nor would CSI be entitled to any benefits or developments arising from research and development activity.

Dr. Shturman advised representatives of CSI after February 15, 2002 that he had developed an invention which solved the vibration problem relating to the breaking of the drive shaft wire by placing counterweights on the drive shaft. Dr. Shturman referred to the invention as the Counterweight Invention. Dr. Shturman testified at the hearing that the idea for the invention came to him in the beginning of March, 2002 and that he tested the invention and had drawings for purposes of a patent application completed by the end of March, 2002. The evidence further established that he met with his patent attorney in New York on April 3, 2002 wherein he submitted the drawings for the new invention to his attorney for purposes of preparing a patent application. Subsequently two separate patents have been applied for by Dr. Shturman for the Counterweight Invention.

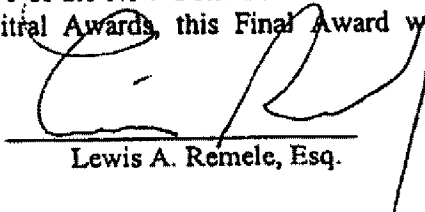
The parties spent a great deal of time at the hearing trying to establish whether or not the Counterweight Invention had actually been developed prior to Dr. Shturman's resignation on February 15, 2002. Although there is a dispute as to whether or not the termination of the Working Relationship Agreement on March 31, 2001 terminated SMS' responsibility to transfer know-how to CSI, the parties clearly recognized the importance of the resignation of Dr. Shturman vis-à-vis the development of the Counterweight Invention. In that connection, the parties submitted conflicting evidence on whether or not the computer records of SMS and its Russian affiliate (SCS Russia) proved that in fact the Counterweight Invention had been developed in the latter part of 2001 or in January, 2002.

It is the undersigned's conclusion that the greater weight of the evidence demonstrates that the Counterweight Invention was invented prior to February 15, 2002 and therefore CSI is entitled to have any interest that SMS has in the Counterweight Invention transferred to it.

However, it is further the undersigned's conclusion that the terms of the Stock Purchase Agreement and the Working Relationship Agreement are broad enough that the determination of the dispute should not be narrowly confined to the question of whether or not the invention was completely developed prior to February 15, 2002 or in the first week of March, 2002. That is, it is undisputed from the evidence that the parties were working on the problem of vibration and the breakage of the drive shaft wire in 2001 and that a variety of different experiments occurred with respect to this issue and in an attempt to solve the problem. The Working Relationship Agreement and the Stock Purchase Agreement required SMS to transfer "know-how" to CSI which is a broad concept and is not limited to a particular point in time. It is the undersigned's conclusion that the evidence demonstrated that the Counterweight Invention was an evolving concept not limited to the precise time period as argued by Respondent from the terms inasmuch as the "Know How" relating to the Counterweight Invention was developed during the 2001-2002 time period. Further, whether CSI's claim is denominated as a breach of contract or an equitable claim, SMS is estopped from denying its responsibility to transfer the Counterweight Invention, given the fact that the substantial dollars that were forwarded to SMS throughout 2001 and the first two months of 2002 were specifically related to the research which was being conducted on the issue of the breakage of the drive shaft wire and the vibration problem - i.e., this "Know How" was part and parcel of the ultimate invention and therefore must be transferred.

I hereby certify that, for the purposes of Article 1 of the New York Convention of 1958, on the Recognition and Enforcement of Foreign Arbitral Awards, this Final Award was made in Minneapolis, Minnesota.

5/5/08
Date



Lewis A. Remele, Esq.

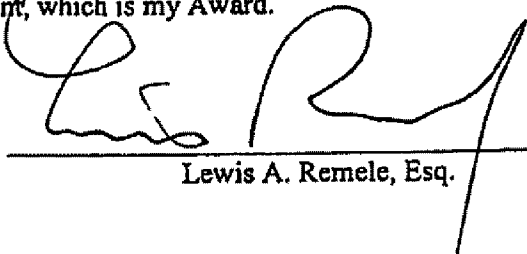
State of Minnesota

County of Hennepin

} SS:

I, Lewis A. Remele, do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument, which is my Award.

5/5/08
Date



Lewis A. Remele, Esq.

STATE OF MINNESOTA
COUNTY OF HENNEPIN

FILED
08 JUL 15 AM 10:04
DISTRICT COURT
FOURTH JUDICIAL DISTRICT

Cardiovascular Systems, Inc.,

Plaintiff,

v.

Shturman Medical Systems, Inc.,

Defendant.

BY _____ DEPUTY
HENN CO. DISTRICT
COURT ADMINISTRATOR

**FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER FOR
JUDGMENT**

Court File No. 27CV08-13807

The above-entitled matter came before the Honorable Robert A. Blaeser, Judge of Hennepin County District Court, on July 15, 2007 pursuant to a Motion to Confirm Arbitration Award.

Rachna Sullivan, Esq., appeared for and on behalf of Plaintiff,

Erin Ogelsbay, Esq., and Robert Schnell, Esq., appeared for and on behalf of Defendants,

Based upon all files, records, and proceedings herein, together with the arguments of counsel, the Court hereby makes the following:

FINDINGS OF FACT

- 1) The parties are in dispute as to what paragraph 5 of the Arbitration Award transferred to Cardiovascular Systems, Inc.
- 2) The parties disagree as to whether to use the phrase "Counterweight Invention" or what it stands for in paragraph 1 of the Arbitration Award.
- 3) Cardiovascular Systems, Inc., acknowledges that it has received payment from Shturman Medical Systems, Inc., as awarded in the Arbitration Award.
- 4) The parties agree that this issue need not go back to the Arbitrator to explain.
- 5) After reading the arbitration Award it is clear that the Arbitrator was aware of the device, found then it had been invented, and chose to use the words "Counterweight Invention."

CONCLUSIONS OF LAW

- 1) It is clear to the court that the Arbitrator intended for Shturman Medical Systems, Inc. to transfer "its interest" in the "Counterweight Invention" to Cardiovascular Systems, Inc.

EXHIBIT 2

PATENT
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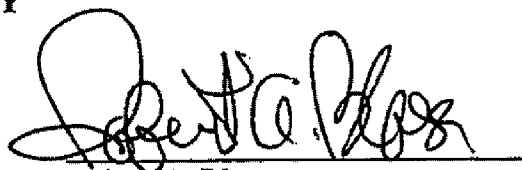
- 2) The Court orders the Arbitration Award confirmed.
- 3) Shturman Medical Systems, Inc. should transfer to Cardiovascular Systems, Inc. "its interest in the Counterweight Invention," whatever that is.

IT IS HEREBY ORDERED:

- 1) Plaintiff's Motion is **GRANTED**.
- 2) The court finds the parties other arguments unpersuasive.

LET JUDGMENT BE ENTERED ACCORDINGLY

Dated: July 15, 2008



Robert A. Blaeser
Judge of District Court
C-655 Government Center
Minneapolis, MN 55487
(612) 348-4964

TRANSFER OF INTEREST

In accordance with the Award of Arbitrator dated May 5, 2008, in the Matter of the Arbitration between Cardiovascular Systems, Inc. and Shturman Medical Systems, Inc., International Centre for Dispute Resolution No. 50 133 T 00321 07, Shturman Medical Systems, Inc. hereby transfers its interest, if any, in the Counterweight Invention, as defined in the Award of Arbitrator, to Cardiovascular Systems, Inc.

Dated: July 21, 2008

Shturman Medical Systems, Inc.

By: L. Shturman

Its: Shareholder

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1 UNITED STATES DISTRICT COURT
2 DISTRICT OF MINNESOTA
3 -----
4 Cardiovascular Systems, Inc.,
5 Plaintiff,
6 vs. File No. 07-CV-03749
7 Dr. Leonid Shturman,
8 Defendant.
9 -----

10
11 THE HONORABLE SUSAN R. NELSON
12 United States Magistrate Judge
13
14

15 C-O-N-F-I-D-E-N-T-I-A-L S-E-A-L-E-D
16

17 * * *
18 TAPE-RECORDED HEARING
19 TRANSCRIPT OF PROCEEDINGS
20 * * *

21
22
23 Date: 9/4/08
24 Reporter: Lisa M. Thorsgaard
25
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1 APPEARANCES
2
3 MR. DAVID R. MARSHALL and MS. RACHNA B.
Page 1

EXHIBIT 4

090408MAGHAYERON-CSI.txt

4 SULLIVAN, Attorneys at Law, Suite 4000, 200 South
5 Sixth Street, Minneapolis, Minnesota 55402-1425,
6 appeared on behalf of Plaintiff.

7

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9 MR. ROBERT L. SCHNELL, JR., ERIN A.

10 OGLESBAY AND MR. JAMES W. PORADEK, Attorneys at Law,
11 Suite 2200, 90 South Seventh Street, Minneapolis,
12 Minnesota 55402-3901, appeared on behalf of
13 Defendant.

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P R O C E E D I N G S

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(NO REPORTER WAS PRESENT - the following
transcript of proceedings was prepared from a
court tape recording)

THE COURT: We are here this
Page 2

PATENT

REEL: 024188 FRAME: 0714

090408MAGMAYERON-CSI.TXT

8 afternoon in the matter of Cardiovascular
9 Systems, Inc. v. Shturman. This is Civil File
10 No. 07-3749.

11 I'd like to begin by having counsel note
12 your appearances, if you would, please.

13 MS. SULLIVAN: Rachna Sullivan
14 on behalf of the plaintiff.

15 MR. MARSHALL: David Marshall
16 also on behalf of the plaintiffs.

17 MR. SCHNELL: On behalf of
18 Dr. Shturman, this is Robert Schnell. I have
19 with me my colleagues, Jim Poradek and Erin
20 Oglesbay. Dr. Shturman is also here.

21 THE COURT: Very good. It's my
22 understanding, counsel, that with respect to the
23 main claim or the claim contained in the
24 complaint in this case that the parties have
25 reached a full and final settlement of that

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1 matter.

2 Perhaps, since that's CSI's claim, I'll
3 have one of you come to the podium and state
4 what those terms are.

5 MS. SULLIVAN: Thank you, Your
6 Honor.

7 The terms of the settlement are as
8 follows: Dr. Shturman states that he is not the
9 author or owner of the counterweight invention
10 as defined in the award of the arbitrator dated
11 May 5, 2008 In the Matter of the Arbitration

Page 3

PATENT

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12 between Cardiovascular Systems, Inc. and
13 Shturman Medical Systems, Inc. The
14 counterweight invention is defined by the
15 arbitration award as certain know how comprised
16 of one or more counterbalanced weights on or
17 near the abrasive element of the drive shaft.

18 Number two, Dr. Shturman reserves the
19 right to argue that the counterweight invention
20 defined in paragraph 1 is separate and distinct
21 from any inventions or know how described in one
22 or more patent applications including, but not
23 limited to, the following patent applications
24 and the corresponding counterparts in the United
25 Kingdom or individual European countries.

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1 The patent applications are W02006/126176
2 US11/919686EP20060745024. The second one is
3 W02006/126175US11/919687EP20060745023, and a
4 third one is W02006/126076US11920463
5 EP20060755908.

6 Third, Cardiovascular Systems, Inc.
7 reserves the right to argue that the
8 counterweight invention defined above in
9 paragraph 1 is incorporated in one or more
10 patent applications including, but not limited
11 to, the applications identified in paragraph 2.

12 THE COURT: Ms. Sullivan, it's
13 also my understanding, then, that on the basis
14 of the settlement, Cardiovascular Systems and
15 Dr. Shturman will stipulate to dismiss this case
Page 4

PATENT

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16 with prejudice.

17 Is that correct?

18 MS. SULLIVAN: That's correct,

19 Your Honor.

20 THE COURT: And that the

21 counterclaim brought by Dr. Shturman is

22 reserved?

23 MS. SULLIVAN: That's correct,

24 Your Honor.

25 THE COURT: Very good. Thank

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1 you.

2 Mr. Schnell, any clarifications for the
3 record or do you agree that those are the terms?

4 MR. SCHNELL: Those are the
5 terms as we understand them, yes, Your Honor.

6 THE COURT: Okay. Very good.
7 who wishes to speak for CSI today? Whoever
8 wishes to bind CSI to this agreement, Mr. Kalik
9 (phonetic), are you the right guy?

10 MR. KALIK: I am.

11 THE COURT: All right. I will
12 not make you go to the podium. In fact, you may
13 be seated when you do this.

14 MR. KALIK: All right. Thank
15 you.

16 THE COURT: Now, Mr. Kalik,
17 could you please explain your current title at
18 CSI.

19 MR. KALIK: Yes. My title at
Page 5

PATENT

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20 CSI is chief scientific officer. I report
21 directly to the chief executive officer of the
22 corporation.

23 THE COURT: Sir, are you
24 authorized to settle this matter today on behalf
25 of CSI?

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1 MR. KALIK: Yes, I am, Your
2 Honor.

3 THE COURT: Have you heard the
4 terms as they've been placed on the record?

5 MR. KALIK: Yes, I have, Your
6 Honor.

7 THE COURT: Do you have any
8 questions or concerns about those terms?

9 MR. KALIK: No, I do not.

10 THE COURT: And do you agree to
11 bind CSI to those terms?

12 MR. KALIK: Yes, Your Honor, I
13 do.

14 THE COURT: Very good.
15 Dr. Shturman. Sir, have you -- you are here
16 presumably on your behalf. Is that correct?
17 You're here for yourself today.

18 Is that correct?

19 MR. SHTURMAN: Yes.

20 THE COURT: And that you've
21 heard the terms as they've been placed on the
22 record?

23 MR. SHTURMAN: Yes, I did, Your
Page 6

PATENT

REEL: 024188 FRAME: 0718

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24 Honor.

25 THE COURT: And do you have any
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1 questions or concerns about those terms?

2 MR. SHURMAN: No, I do not.

3 THE COURT: And do you agree to
4 be bound by the settlement as it's been placed
5 on the record?

6 MR. SHURMAN: Yes, I do, Your
7 Honor.

8 THE COURT: Very good. You may
9 be seated, sir. Okay.

10 Just to reiterate to the parties what I
11 said to each of you individually, the settlement
12 that's been placed on the record is now binding.
13 It is binding on the parties. You may
14 memorialize it in whatever fashion you wish but
15 if there is, for some reason, some disagreement
16 about that memorialization, you must bring it to
17 my attention and I will rule consistent with
18 what I've heard on the record today.

19 Okay? Are we all in agreement on that?
20 All right. We're going to go off the record,
21 then.

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* * *

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Page 7

PATENT

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1 STATE OF MINNESOTA }
2 COUNTY OF WASHINGTON) ss.

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4 BE IT KNOWN, that I transcribed the
5 electronic recording relative to the matter
6 contained herein;

7

8

9 That the proceedings were recorded
10 electronically and stenographically transcribed
11 into typewriting, that the transcript is a true
12 record of the proceedings, to the best of my
13 ability;

14

15

16 That I am not related to any of the
17 parties hereto nor interested in the outcome of
18 the action;

19

20

21 IN EVIDENCE HEREOF, WITNESS MY HAND.

22

23

24 s:/ Lisa M. Thorsgaard

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