

PATENT SALES AGREEMENT

THIS AGREEMENT, made 2 Dec 1970 between H. Tracy Hall, an inventor in the State of Utah, herein sometimes referred to as "Inventor" and Megadiamond Corporation, herein sometimes referred to as "Megadiamond";

WHEREAS, H. Tracy Hall is the owner of certain inventions listed below (herein sometimes referred to as the "Inventions") for which patent applications have been filed in the United States and foreign patent offices as shown below:

1. "Method for Sintering Diamond Particles"	2. "Diamond Compact"
U.S. Serial No. 784, 788	816,929
Swedish 17 426/69	5234/70
West German P 19 63057.0	P 2018344.2
Belgian 79,870 (739,800 issued)	87705
Italian 21769 A/69	23422 A/70
Japanese 89035/1969	32927/70
Dutch 69.17284	70.05459
British 60671/69	16845/70
French 69.31711	70.13508
Ireland 1304/69	459/70
Luxembourg 784, 788 (59,473 issued)	816.929
Canadian 61,157	79,138
South Africa 69/5840	7012043

WHEREAS, Megadiamond is desirous of purchasing the entire interest in said Inventions including all patent rights, assignments, and improvements appertaining thereto;

NOW THEREFORE, the parties hereto agree as follows:

1. Sale of Assets. H. Tracy Hall hereby grants and sells to Megadiamond his entire interest in, to and under said Inventions and into and under the said United States patent application as amended and continued to date, foreign patent applications including extensions, improvements, continuations, divisions amendments and reissues issuing therefrom either from said domestic patent applications or said foreign patent applications.

2. Necessary Aid and Information. H. Tracy Hall agrees to furnish to Megadiamond, or its representatives, all information documents relating to the said Inventions or said patent applications which are necessary or desirable to assist Megadiamond to prosecute said domestic and foreign patent applications to their completion and to conduct operations thereunder pursuant to the terms of this Patent Sales Agreement. The Inventor shall not reveal the Inventions or any information relating thereto or relating to the said patent applications to any other persons without the written approval of Megadiamond.

3. Further Costs of Patent Applications. Megadiamond will pay for the costs of filing on foreign patent applications on 2. "Diamond Compact" patent, future improvements, extensions, continuations, divisions amendments

or reissues and any further costs concerning said Inventions as of date of this agreement.

4. Fee and Royalty. As purchase consideration for said Inventions and said patent applications and rights, Megadiamond shall pay to H. Tracy Hall Eight thousand and no/100 Dollars (\$8,000.00) cash, which are his present out-of-pocket costs plus payments (hereinafter referred to for convenience as "royalty" or "royalties") of royalties equivalent to two per cent (2%) of the net sales of any and all products manufactured and sold by Megadiamond with respect to which the subject Inventions are used in any way in the manufacturing processes. For these purposes the following terms shall have meanings as follows:

- a. The term "royalty" means a net royalty; that is, no deductions for business costs or expenses or otherwise may be deducted therefrom by Megadiamond.
- b. The term "net sales" shall mean the gross sales price of the subject products, less sales returns and allowances.

5. Payment of Royalties. Megadiamond shall at all times keep an accurate account of all operations under the scope of this Patent Sales Agreement, shall render written statements within fifteen (15) days following the first day of January and the first day of July and shall pay the royalty within the corresponding month of statement.

6. Covenants of Megadiamond. Megadiamond covenants that it shall in good faith and with diligence conduct all manufacturing, marketing and other operations relating to the subject Inventions with the best business judgment and expedition as is customary in the industry.

7. Term. The terms of this agreement shall be twenty years (20) from Agreement date. The royalty provided herein shall not be diminished by the administrative refusal to grant patents under the said patent applications, or by the expiration of the subject patents, or by the judicial determination of the invalidity of such patents; but the obligation to pay such royalty shall continue so long as: (a) Megadiamond uses the said Invention in the manufacture of any of its products, and (b) shall likewise continue as an obligation of any person, firm or corporation to whom the business of Megadiamond or a substantial part thereof shall be sold or transferred and which shall use said Invention in any way whatsoever. This paragraph shall be severable from and independent of any provision of this Agreement elsewhere herein set forth; subject, however, to the following paragraph.

* If royalty payments to the Inventor are in arrears for SIXTY (60) DAYS after the due date, or if Megadiamond defaults in performing any of the other terms of this Agreement and continues in default for a period of thirty (30) days after notice in writing, reasonably specifying the circumstances of such default, has been received by Megadiamond, or if Megadiamond is adjudicated bankrupt or becomes insolvent, or enters into a composition with creditors, or if a receiver is appointed for it, then the Inventor shall have the right to terminate this Agreement upon giving a ten-day notice in writing to Megadiamond, and if the cause for such notice is not cured to the satisfaction of the Inventor within said ten days, then at the expiration of the said ten days, this

Agreement shall terminate, without prejudice with respect to any monies due or to become due to the Inventor under this Agreement and without prejudice to any other rights of the Inventor.

Upon termination of this Agreement for any cause, Megadiamond shall duly account to the Inventor and shall transfer to it all rights which it may possess in the said Inventions and in any and all patents or patent rights thereunto relating or in any way pertaining.

8. Infringement. Megadiamond shall defend at its own cost all infringement suits that may be brought against it on account of the manufacture, use or sale of products manufactured through the use of said Invention. In connection with such suits, the Inventor shall at the expense and at the request of Megadiamond, give evidence and execute any and all papers which Megadiamond may require.

9. Notice. Any notice, statement or payment required or permitted under this Agreement shall be deemed given or made when placed in the mail, postage prepaid, and addressed as follows:

If to Megadiamond:

Megadiamond Corporation
University Station
Post Office Box 189
Provo, Utah 84601

If to H. Tracy Hall

Dr. H. Tracy Hall
1711 N. Lambert Lane
Provo, Utah 84601

10. Assignment. Megadiamond shall not have the right to assign this Agreement without the prior written consent of the Inventor, which consent shall not unreasonably be withheld.

11. Arbitration. Any dispute under this Agreement shall be settled in Utah, by arbitration pursuant to the rules, then obtaining, of the American Arbitration Association.

12. Construction. Any waiver by the Inventor of any of the rights arising from any breach of any terms of this Agreement shall not be construed as a continuing waiver of other breaches of the same, or other terms of this Agreement by Megadiamond. This Agreement constitutes the entire agreement between the parties and replaces any prior agreements between them.

13. Benefit. This Agreement shall be binding upon and inure to the benefit of the successors in interest of the parties hereto.

INWITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

H. Tracy Hall
H. Tracy Hall
Inventor

M. D. Horton
M. D. Horton
Vice President, Treasurer
Megadiamond

State of Utah
 ss.
County of Utah

On the 2 day of December 1970 before me a Notary Public in and for the County and State aforesaid, appeared H. Tracy Hall and M. D. Horton, Vice President-Treasurer of Megadiamond to me personally known to be the same persons whose names are subscribed to the foregoing instrument and acknowledged that they executed said instrument as their free and voluntary act, and for the uses and purposes therein contained.

E. W. R. Miller
Notary Public

(Seal)
To seal and certify
Provo, Utah
Expire Jan. 1, 1971