

Draft I

May 26, 1971

Development-Contract

between

OPTEL CORPORATION, Princeton, N.J., USA

(hereinafter called OPTEL)

on the one part

and

Société Suisse pour l'Industrie Horlogère Management
Services SA Bienne, Switzerland

(hereinafter called SSIH)

on the other part

1.

SSIH charges OPTEL with a development project which OPTEL submitted to SSIH for liquid crystal watch display and associated circuits.

Technical specifications are set in the Technical Objectives (schedule 1) annexed hereto. These Technical Objectives form an integral part of this contract.

2.

It is agreed that this development work will be done by OPTEL in 3 phases.

Within the phase Ia, OPTEL will execute the development work as defined in schedule 2 of this agreement within six months after signature of the present agreement.

Phase Ib: In parallel with phase Ia, OPTEL will execute the development work as defined in schedule 3 of this agreement within six months after signature of the present agreement.

Within the phase II, OPTEL will execute the development work as defined in schedule 4 of this agreement within 12 months after signature of the present agreement.

The attached schedules 2,3 and 4 form an integral part of this development contract.

3.

The remuneration to be paid by SSIH to OPTEL for this development work and the terms of payment will be fixed as follows:

- 40,000 \$ 50'000.-- on award of contract;
- 25,000 \$ 35'000.-- on completion of the development work phase Ia, as defined in schedule 2 within the fixed time limit;
- \$ 15'000.-- on completion of the development work phase Ib, as defined in schedule 3 within the fixed time limit;
- \$ 32'500.-- on beginning of the development work phase II, as defined in schedule 4;

\$ 32'500.-- on completion of the development work as defined in schedule 4 within the fixed time-limit.

20,000
SSIH charges Optel to develop a watch circuit charges to SSIH will be 40,000

It is, however, agreed, that the above mentioned sums are also due, if the development work of the 3 phases is delayed up to a maximum of three months.

It is agreed and remain the exclusive property of SSIH as it fully pays the investments of this phase:

4.

If the devices are obtainable from OPTEL at competitive conditions, then SSIH shall, for three years from the date of the signature of this contract, purchase these devices from OPTEL.

5.

In order to put SSIH in a position to produce its own liquid crystal watch displays after this period of three (3) years, OPTEL agrees to transfer on request to SSIH, on a non exclusive basis, basic technology on the following conditions:

6.

As far as the ownership of all results of research and development obtained by OPTEL in the course of this mandate including the patents covering the results or parts of them (hereinafter called the results) is concerned, the parties agree to keep the documents and their contents received from SSIH as well as the know-how and

- that the results obtained by OPTEL during the phase Ia are the property of OPTEL as far as they concern the basic technology. All other results obtained by OPTEL during the phase Ia are exclusively owned by SSIH; *Transfer to the company as usual.*
- that all results obtained by OPTEL during the phase Ib are and remain the exclusive property of SSIH as it fully pays the investments of this phase;
- that all results obtained by OPTEL during the phase II are and remain the exclusive property of SSIH. *optel* SSIH grants, however, a world-wide free non exclusive licence to OPTEL for its own use on the patents covering the results of phase II, exclusively owned by SSIH. *optel*

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OPTEL will immediately disclose to SSIH all inventions made in the course of this mandate and will take all steps needed to obtain in the name and at the expense of SSIH, patent protection for the results owned by SSIH. SSIH alone will decide when and where these results will be patented.

OPTEL is authorized to set up a second source after having received the previous written consent of SSIH and after having given full guarantee to SSIH that this company will respect the contents of this agreement, especially the undertaking of article 7.

OPTEL undertakes to keep the documents and their contents received from SSIH as well as the know-how and

all information, data and formula (patentable or not) which have been developed in accordance with this agreement, secret and confidential and not to disclose them either during the term of this contract or thereafter to any third person or legal entity and shall take all advisable safeguards to avoid any disclosure by its employees or others.

8.

SSIH will have the possibility of having two of its engineers participate in the breadboarding and layout phase of the present research project. They will have access to know-how and technology created during and by this development contract but not to know how and technology which are proprietary to OPTEL.

9.

The present agreement shall become effective with the signature of the parties to this contract and remain in force until the development work as defined in this contract will be terminated by OPTEL.

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10.

OPTEL will send written Progress Reports every two (2) months.