

July 27, 1967.

FILE MEMORANDUM

Confidential

Re: Strickman Filter

NOTES OF MEETING JULY 25 WITH REPRESENTA-
TIVES OF COLUMBIA UNIVERSITY

The meeting was held in the offices of the Atlantic Cement Company Inc., 300 Park Avenue, New York, N.Y. 10022, Plaza 2-6050, Area Code 212.

Present for Columbia

- Mr. John E.D. Grunow - Chairman of the Board of the Atlantic Cement Company Inc., acting as Special Assistant to the President of Columbia University in the Strickman project. Mr. Grunow is the contact man for the tobacco industry.
- Mr. Robert A. Katz - Lawyer. Special Counsel to Columbia. (Acted as principal spokesman for Columbia)
- Dr. Donald Tapley - Columbia Medical School - College of Physicians and Surgeons.
- Mr. William Bloor - Treasurer of Columbia University.
- Mr. David Thomas - Marketing Consultant, Columbia University (formerly with McCann-Erickson).

Present for I.T.Co.

- Mr. L.C. Laporte - (Spokesman for Imperial)
- Mr. N.A. Dann

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Duration of Meeting: 3:00 p.m.-5:05 p.m.

A little surprise was first apparent that we were only two representatives from Imperial and that neither of us was a lawyer. Initially, the atmosphere, on the part of Columbia was reserved and cautious, however, at the termination of the meeting, this had changed to one of co-operation and frankness.

I initiated the discussion by stating that the purpose of our visit was exploratory. Our object was to obtain further information because the only information we did have was that from press releases and the Columbia press conference. I said I had a number of questions which I would like to have answered, but they were free to answer or not as they saw fit. This procedure was accepted. I asked the following questions formally and have summarised the answers.

Question 1: Is the polymeric material the active part of the filter or is the additive more important?

Answer: The polymeric material is the active part of the filter. There is no other additive.

Question 2: Is the form of this material: a) granules; b) powder; c) sheet form; d) shredded form.

Answer: Granules. (There was no indication of the sieve range.)

Question 3: Does the chemical composition or physical size of the material make it necessary to isolate it from: a) the mouth or, b) the tobacco or, c) both a and b.

Answer: Since the present form of the filter is a triple filter (Lark type) the material is kept away from the mouth and the tobacco, even though it is completely non-toxic.

Question 4: While we already have an indication of the weight of the filter material needed for various levels of filtration, we would need to know its density in order to determine the length of the filter section needed for each individual cigarette.

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Answer:

The filter they have been testing is a 20 mm. overall length with approximately 10 mm. crystal section and 5 mm. acetate sections at each end. One comment was made that Molins could give us more information about this. Certainly, this point would have to be carefully checked, since the question here is whether a 10 mm. section will hold 140 to 175 mgs. of the material. In our discussion the weight of material generally referred to was 150 mgs.

Question 5:

Is it possible that with some form of binder that this material could be extruded or maybe bonded?

Answer:

These are future possible developments which they know nothing about as yet. It was stated that they have developments in this area underway.

Question 6:

Has any biological testing been conducted?

Answer:

No biological work has, as yet, been done. Possibly some plans are underway to carry out some biological work, but as Dr. Tapley very rightly stated, this would be a long-term project of the order of two to three years. There is no doubt in my mind that the Columbia group have every intention of exploiting this filter to the full without waiting for the results of biological work that may be done. I then asked whether some work had been done by Mr. Strickman on the vapour phase constituents, that is, polycyclic hydrocarbons, aldehydes, phenols, etc.

Dr. Tapley said Mr. Strickman had conducted some tests along these lines, but that they have not released this information and that the work was being reevaluated by an outside toxicologist, Dr. Umberger who, I understand, is attached to the New York Public Health Services.

Material

Costs 15 - 17¢/thousand cigarettes for polymeric material, based on a using of 150 mg/cigt. This is equivalent to approximately 45-50¢/pound.

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Material - cont'd

Availability The material is available in Canada, as well as the USA and, in fact, is available in all developed countries of the world. Dr. Taploy made a statement that it is not heavier than tobacco.

Although there is no problem of supply, apparently several pieces of machinery are necessary to convert the material to the form in which it is to be used. This equipment is not complex or expensive and should be readily available in a matter of six to eight weeks. It was also stated that the material could be converted to its final form by an outside company.

Consumer Taste Testing

Mr. Thomas presented a report with comments. A summary of his presentation is appended to these notes. He indicated that the tests were conducted on a method developed by Gruber-Lindburg, described in an article which appeared in the Journal of Marketing Research, Vol. 3, August 1966, pages 235-238. No taste tests were on a package basis but only on a triangular test basis. However, each person was interviewed in reasonable depth. One interesting comment that was made was that the taste of menthol comes through the filter and that the taste is improved.

Patent Situation

In USA, patent application pending. Mr. Katz also stated that they have put in a continuation-in-part, that is, an amendment. There appeared to be no doubt in Mr. Katz's mind that the patent will be granted in due course, that is, in 12-18 months. He said that the basic claims have already been allowed and that they are now arguing about wording.

As far as countries outside the USA are concerned, they are writing "feverishly" in this connection and will be making other patent applications.

Availability of Filter Samples or Material for Test Purposes

No samples of material can be made available now because of the patent situation, and it will probably be two to three months before the situation is entirely clarified. However, we were offered the opportunity to visit Mr. Strickman's laboratory in Hillsdale, New Jersey by arrangement through Mr. Grunow. There we could see the material, see how

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the tests have been carried out, check the taste characteristics of our cigarettes fitted with the Strickman Filter, as well as check tar and nicotine deliveries. In other words, they will cooperate with us in every way possible, short of giving us material to test in our own laboratories.

Licensing Agreement

The terms of the licensing agreement for companies in the USA have not, as yet, been completely finalized, but the financial arrangements will be on a royalty basis of use, that is, so much per thousand cigarettes, or per thousand little cigars. Furthermore, they have not decided what the terms would be in Canada, but the basic royalty would be essentially the same as established in the USA.

The filter cannot be referred to as the Columbia Filter. It can only be referred to, and must be referred to as the Strickman Filter. Apparently, some American manufacturers are aware of the royalty feature, while others are not. Our informers stated that those who are aware of the royalty feature indicated that they did not consider it unreasonable. In fact, one manufacturer said it was too low, but in this connection Mr. Grunow mentioned that this company had an "angle". On pressing them further as to what the royalty might be, I speculated whether it might be 1¢/thousand, 5¢/thousand or 10¢/thousand cigarettes. Judging from the facial expressions when I mentioned the 1¢/thousand cigarettes, I am quite sure the royalty is significantly higher than this.

No cigarette with the Strickman Filter can be licensed if it delivers more than 10 mgs. of Total Particulate Matter wet weight, regardless of the length of the cigarette. This figure of 10 mg. is based on the FTC-Ogg Method of testing using a 30 mm. butt length.

I asked Mr. Katz whether their licensing agreement will include a clause of holding licensees "harmless" insofar as possible patent litigation is concerned. He replied that they have not had time, as yet, to get into such details.

Licensing will be on a first come, first served, basis.

As far as Columbia is concerned, the onus of commercial advantages rests with the individual manufacturers.

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Other Pertinent Points

Molins and Mauni have been to the Strickman Laboratory and have seen the material and have stated that they have the necessary equipment to make such triple filters. We are the first Canadian company to meet with them, although they have had inquiries from other Canadian manufacturers.

The group had some reasonably accurate knowledge of the relationship between BAT, Imperial and B & W. On a query, I pointed out that there was no real relationship between I.T.Co. of Canada and I.T.Co.(of G.B. & I.) other than the similarity of the name.

Their knowledge of the Canadian tobacco industry was quite sketchy. Their knowledge of leaf tobacco is practically nil.

At one point, Mr. Grunow asked whether we had any spare machinery to make triple filters which they could borrow, ship and return at their expense. I was noncommittal on this.

Before leaving, I read to the group the public statements which we have made so far on the subject of the Strickman Filter. They felt these were good and "diplomatic". I indicated that if we were again asked by a responsible journalist about any progress we would probably make a further statement. I suggested that it would merely be to the effect that:

- 1) we had met
- 2) we were pursuing the matter.

They endorsed this possible action and the basic communication.

LCL:BS

R. Laporte

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