

06-10-1998



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To the Honorable Commissione.

100734400

original documents or copy thereof.

MD 5-23-98

1. Name of conveying party(ies):
ZAPATA TECHNOLOGIES, INC.,
a Delaware corporation

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name

As of October 10, 1997

Execution Date: _____

2. Name and address of receiving party(ies)

Name: NATIONAL BANK OF CANADA

Internal Address: _____

Street Address: 5100 Town Center Circle

Suite 430

Boca Raton FL 33486
City: _____ State: _____ ZIP: _____

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)

B. Patent No.(s)

4,879,025 (11/7/89)

5,332,381 (7/26/94)

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Dean A. Brooks

Name: _____

Internal Address: _____

c/o Mombach Boyle

Street Address: _____

500 E. Broward Blvd., Suite 1950

Ft. Lauderdale FL 33394

City: _____ State: _____ ZIP: _____

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 80.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Dean A. Brooks

Name of Person Signing

Signature

5/15/98

Date

Total number of pages including cover sheet, attachments, and document: 8

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

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PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT is made as of the 10th day of October, 1997, by and between ZAPATA TECHNOLOGIES, INC., a Delaware corporation, having offices located at 2278 Forest Road, Humboldt Industrial Park, Hazelton, Pennsylvania 18201 (the "Debtor"), and NATIONAL BANK OF CANADA, a Canadian Chartered Bank, having offices located at 5100 Town Center Circle, Suite 430, Boca Raton, Florida 33486 (the "Secured Party").

WHEREAS, Secured Party has agreed to modify and make those certain loans in the aggregate principal amount of Twelve Million Two Hundred Thousand and 00/100 Dollars (\$12,200,000.00) (collectively, the "Loan") to ZAPATA INDUSTRIES, INC., a Pennsylvania corporation ("Industries") and ZAPATA INNOVATIVE PLASTICS, INC., a Delaware corporation ("Plastics", Plastics and Industries sometimes hereinafter collectively referred to as "Borrower") which Loan is evidenced by a Modification Master Revolving Promissory Note in the principal amount of Five Million and 00/100 Dollars (\$5,000,000.00), a Consolidation Promissory Note in the principal amount of Five Million Two Hundred Thousand and 00/100 Dollars (\$5,200,000.00) and a CAPEX Line/ Term Promissory Note in the principal amount of Two Million and 00/100 Dollars (\$2,000,000.00) executed by Borrower in favor of Secured Party (said promissory notes being hereinafter collectively referred to as the "Notes"), a Loan Agreement executed by Industries and NATIONAL CANADA FINANCE CORP, a National Bank of Canada Subsidiary ("NCFC"), dated as of May 24, 1995, as amended by a First Amendment to Loan Agreement executed by Borrower and Secured Party dated as of April 12, 1996, as assigned by NCFC to Secured Party, as further amended by a Second Amendment to Loan Agreement between Borrower and Secured Party, and as the same may be further amended from time to time (collectively the "Loan Agreement"), one or more Security Agreements, and other collateral loan documents (all of the foregoing, as amended, assigned and reaffirmed from time to time being hereinafter collectively referred to as the "Loan Documents");

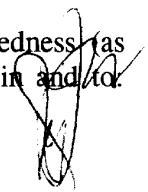
WHEREAS, Debtor has executed an Absolute Unconditional and Continuing Guaranty (as the same may be modified or reaffirmed from time to time, the "Guaranty") pursuant to which Debtor has guaranteed all past, present and future obligations of Borrower to Lender, including, without limitation, under the Notes, the Loan Agreement and other Loan Documents;

WHEREAS, all capitalized terms not specifically defined herein shall have the meanings assigned to them in the Loan Agreement; and

WHEREAS, as a condition to granting the Loan to Borrower, the Secured Party has required the Debtor to execute and deliver this Patent Security Agreement as security for all of the Debtor's obligations to Secured Party.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the parties hereto agree as follows:

1. (a) To secure the complete and timely satisfaction of all Indebtedness (as defined herein), the Debtor hereby grants to the Secured Party a security interest in and to



(i) those certain patents more particularly described on Exhibit "A" attached hereto, including without limitation all renewals thereof, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringement and all rights corresponding thereto throughout the world (all of the foregoing are collectively called the "Patents"); and (ii) all of the Debtor's goodwill and general intangibles.

(b) The term "Indebtedness" means all obligations of any kind owing by the Debtor to the Secured Party. Indebtedness includes, without limitation, the Debtor's obligations under the Guaranty and all other Loan Documents, and all other obligations of the Debtor to the Secured Party which: (i) are now existing or hereafter incurred; (ii) are direct or indirect; or (iii) arise from loans, guaranties, endorsements or otherwise. The Indebtedness may be: (i) related or unrelated to the purpose of the original extension of credit; (ii) of the same or a different class as the primary obligation; and (iii) from time to time reduced or extinguished and thereafter increased or reincurred.

2. The Debtor covenants and warrants that:

(a) The Patents are subsisting and have not been adjudged invalid or unenforceable;

(b) To the best of the Debtor's knowledge, each Patent is valid and enforceable;

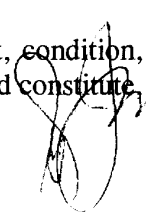
(c) To the best of the Debtor's knowledge, the Patents are subject to no claim of infringement, unfair competition, or any other claim that the use of any Patent does or may violate the right of any third person, and to the best of the Debtor's knowledge, there is no pending interference, opposition or cancellation proceeding or other pending material litigation involving any of the Patents;

(d) The Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Patents, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by the Debtor not to sue third persons;

(e) The Debtor has the unqualified right to enter into this Patent Security Agreement and perform its terms;

(f) The Debtor has used, and will continue to use for the duration of this Patent Security Agreement, proper statutory notice in connection with its use of the Patents;

(g) To the best of the Debtor's knowledge, there exists no event, condition, or occurrence that constitutes, or which with notice and/or the passage of time would constitute, a breach or default under any term or condition of the Patents; and



(h) The Debtor shall not take any action which would destroy or impair the security of the Secured Party under this Patent Security Agreement.

3. The Debtor agrees that, until all of the Indebtedness shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with the Debtor's obligations under this Patent Security Agreement.

4. Unless and until there shall have occurred an Event of Default under the Loan Agreement, the Debtor shall retain legal and equitable title to the Patents and shall have the exclusive and sole right to make, use and sell the inventions described and claimed in the Patents in connection with the ordinary course of the Debtor's business, for the Debtor's own benefit and account and for no other.

5. If any Event of Default shall have occurred under the Loan Agreement, the Secured Party shall have, in addition to all other rights and remedies given it by this Patent Security Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents may be located and, without limiting the generality of the foregoing, the Secured Party may immediately, without demand of performance and without other notice or demand whatsoever to the Debtor (except as set forth below), all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Florida, or elsewhere, the Patents, or any interest which the Debtor may have therein, and after deducting from the proceeds of sale or other disposition of the Patents all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Indebtedness. Any remainder of the proceeds after payment in full of the Indebtedness shall be paid over to the Debtor. Notice of any sale or other disposition of the Patents shall be given to the Debtor at least ten (10) days before the time of any intended public or private sale or other disposition of any Patent is to be made, which the Debtor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, any holder of the Guaranty or the Secured Party may, to the extent permissible under applicable law, purchase the whole or any part of any Patent sold, free from any right of redemption on the part of the Debtor, which right is hereby waived and released.

6. At such time as the Debtor shall completely satisfy all of the Indebtedness and relinquish in writing its right, if any, to obtain further advances from the Secured Party, this Patent Security Agreement and the security interests granted herein shall terminate and the Secured Party shall execute and deliver to the Debtor all UCC termination statements or other instruments as may be reasonably necessary to evidence such termination.

7. Any and all fees, costs and expenses, of any kind or nature, including reasonable attorneys' fees and legal expenses incurred by the Secured Party in connection with the preparation of this Patent Security Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all fees in connection therewith) in public offices, the payment or discharge of any taxes, ~~counsel fees,~~

maintenance fees, encumbrances or otherwise protecting, maintaining or preserving any Patent, or in defending or protecting any action or proceeding arising out of or related to any Patent, shall be borne and paid by the Debtor on demand by the Secured Party, and until so paid shall be added to the principal amount of the Indebtedness and shall bear interest at the default rate of interest (as determined in the Notes).

8. The Debtor shall have the duty, through counsel acceptable to the Secured Party, until the Indebtedness shall have been paid in full, to make federal application on registrable but unregistered patents, to file and prosecute opposition and cancellation proceedings and to do any and all acts which are necessary or desirable to preserve and maintain all rights in each Patent. Any expense incurred in connection with any Patent shall be borne by the Debtor. The Debtor shall not abandon any Patent without the consent of the Secured Party, which consent shall not be unreasonable withheld.

9. The Debtor shall have the right with the prior written consent of the Secured Party, which consent will not be unreasonably withheld, to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect any Patent, in which event the Secured Party may, if necessary, be joined as a nominal party to such suit if the Secured Party shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. The Debtor shall promptly, upon demand, reimburse and indemnify the Secured Party for all damages, costs and expenses, including attorneys' fees, incurred by the Secured Party in the fulfillment of the provisions of this Section.

10. Upon the occurrence of any Event of Default under the Loan Agreement, the Debtor hereby authorizes and empowers the Secured Party to make, constitute and appoint any officer or agent of the Secured Party as the Secured Party may select, in its exclusive discretion, as the Debtor's true and lawful attorney-in-fact, with the power to endorse the Debtor's name on all applications, documents, papers and instruments necessary for the Secured Party to use the Patents, or to grant or issue any exclusive or non-exclusive license under each Patent to anyone else, or necessary for the Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of any Patent to anyone else. The Debtor hereby ratifies all actions that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Patent Security Agreement.

11. If the Debtor fails to comply with any of its obligations hereunder, the Secured Party may do so in the Debtor's name or in the Secured Party's name, but at the Debtor's expense, and the Debtor hereby agrees to reimburse the Secured Party in full for all expenses, including reasonable attorneys' fees, incurred by the Secured Party in protecting, defending and maintaining any Patent.

12. No course of dealing between the Debtor and the Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder or under the Loan Agreement or other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder

or thereunder preclude any other further exercise thereof or the exercise of any other right, power or privilege.

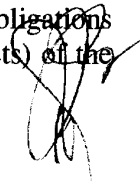
13. All of the Secured Party's rights and remedies with respect to the Patents, whether established hereby, by the Loan Agreement, by any other agreement or by law shall be cumulative and may be exercised singularly or concurrently. In the event of any conflict between the terms hereof and the terms of the Loan Agreement or any of the Loan Documents, the terms giving the greater rights or benefits to the Secured Party shall govern.

14. The provisions of this Patent Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable, in whole or in part, in any jurisdiction then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Patent Security Agreement in any jurisdiction.

15. This Patent Security Agreement is subject to modification only by a writing signed by the parties.

16. This Patent Security Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

17. The validity and interpretation of this Agreement and the rights and obligations of the parties hereto shall be governed by the internal laws (and not the law of conflicts) of the State of New York.



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18. Waiver of Trial by Jury. THE PARTIES HERETO DO HEREBY KNOWINGLY, VOLUNTARILY, MUTUALLY AND WILLINGLY WAIVE THEIR RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM, WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING, WITHOUT LIMITATION, ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS, WHETHER ARISING FROM OR RELATED TO THE NEGOTIATION, EXECUTION AND PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS PATENT SECURITY AGREEMENT, THE GUARANTY, OR ANY ASSOCIATED LOAN DOCUMENTS RELATE.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

DEBTOR:

ZAPATA TECHNOLOGIES, INC.,
a Delaware corporation

By: 

RAYMOND TORRES, Chief Operating
Officer

By: 

JOHN GIGAS, Finance Manager and
Asst. Secretary

(Corporate Seal)

SECURED PARTY:

NATIONAL BANK OF CANADA, a Canadian
Chartered Bank

By: 

FRANK H. D'ALTO, Vice President

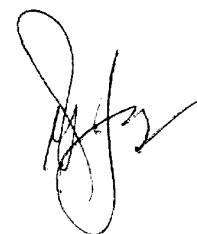
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October 8, 1997

EXHIBIT "A"

**Zapata Technologies, Inc.
Schedule of Patents**

| <u>Patent Number</u> | <u>Description</u> | <u>Date of Patent</u> |
|----------------------|-----------------------------|-----------------------|
| 4,879,025 | APPARATUS FOR SORTING PARTS | 11/7/89 |
| 5,332,381 | TWO PIECE CROWN LINER PUNCH | 7/26/94 |

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A handwritten signature in black ink, consisting of a large, stylized initial 'Z' followed by a series of loops and a final flourish.