



**Correspondent Name and Address**      **Area Code and Telephone Number**

**Name**

**Address (line 1)**

**Address (line 2)**

**Address (line 3)**

**Address (line 4)**

**Pages**      Enter the total number of pages of the attached conveyance document including any attachments.      #

**Application Number(s) or Patent Number(s)**       Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)			Patent Number(s)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="5102598"/>	<input type="text" value="347348"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.      Month  Day  Year

**Patent Cooperation Treaty (PCT)**

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>
PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>

**Number of Properties**      Enter the total number of properties involved.      #

**Fee Amount**      Fee Amount for Properties Listed (37 CFR 3.41): \$

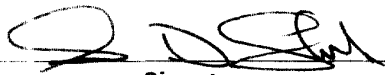
**Method of Payment:**      Enclosed       Deposit Account

**Deposit Account**  
(Enter for payment by deposit account or if additional fees can be charged to the account.)  
Deposit Account Number: #

Authorization to charge additional fees:      Yes       No

**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. Charges to deposit account are authorized, as indicated herein.*

Jerome D. Stark            May 7, 1998

**Name of Person Signing**      **Signature**      **Date**

## **Patent Security Agreement**

This Agreement ("Agreement"), as of May 7, 1998 is entered into between Gilmore Enterprises Window Coverings, Inc., a California corporation ("Grantor") and Coast Business Credit®, a division of Southern Pacific Bank, a California corporation (Coast") as follows:

A. Grantor has executed and delivered a certain Loan and Security Agreement dated May 7, 1998 between Grantor and Coast (as amended from time to time, the "Loan Agreement").

B. Grantor is the owner of certain intellectual property identified below, in which Grantor is granting a security interest to Coast.

NOW, THEREFORE, in consideration of the premises, Grantor hereby agrees with Coast as follows:

1. To secure the complete and timely satisfaction of all Obligations (as defined in the Loan Agreement), Grantor hereby grants, to Coast a first-priority security interest in all Grantor's right, title, and interest in and to the patent applications and patents listed in Schedule A hereto, including without limitation 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 infringements, all rights corresponding thereto throughout the world and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof (collectively called the "Patents").

2. Grantor covenants and warrants that:

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

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

(c) Except as described in Schedule A, Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, shop rights and covenants by Grantor not to sue third persons; and

(d) Grantor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained. Except as specifically set forth above, Grantor does not warrant that the Patents might not be declared invalid if challenged in court.

3. Grantor agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Grantor's obligations under this Agreement, without Coast's prior written consent.

4. If, before the Obligations shall have been satisfied in full, Grantor shall obtain rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of paragraph 1, shall automatically apply thereto and Grantor shall give to Coast prompt notice thereof in writing hereof.

5. Grantor authorizes Coast to modify this Agreement by amending Schedule A to include any future patents and patent applications which are Patents under paragraph 1 or paragraph 4 hereof.

6. Unless and until there shall have occurred and be continuing an Event of Default (as defined in the Loan Agreement), Coast hereby grants to Grantor the exclusive, nontransferable right and license under the Patents to make, have made for it, use and sell the inventions disclosed and claimed in the Patents for

Grantor's own benefit and account and for none other. Grantor agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Grantor in this paragraph 6, without the prior written consent of Coast.

7. If any Event of Default shall have occurred and be continuing, Grantor's license under the Patents as set forth in paragraph 6, shall terminate forthwith, and Coast shall have, in addition to all other rights and remedies given it by this 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 Coast may immediately, without demand of performance and without other notice, except as set forth below (however, without limiting the foregoing, Coast shall use reasonable efforts to notify Borrower of any Event of Default, it being agreed and acknowledged that Coast's failure to provide such notice shall under no circumstances impair Coast's rights hereunder or give rise to any liability of Coast to Borrower or any other person.) or demand whatsoever to Grantor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Los Angeles, California, or elsewhere, the whole or from time to time any part of the Patents, or any interest which the Grantor may have therein, and after deducting from the proceeds of sale or other disposition of the Patents all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds toward the payment of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Patents shall be given to Grantor at least ten (10) days before the time of any intended public or private sale or other disposition, of the Patents is to be made, which Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Coast may, to the extent permissible under applicable law, purchase the whole or any part of the Patents sold, free from any right of redemption on the part of Grantor, which right is hereby waived and released.

8. If any Event of Default shall have occurred and be continuing, Grantor hereby authorizes and empowers Coast to make, constitute and appoint any officer or agent of Coast, as Coast may select in its exclusive discretion, as Grantor's true and lawful attorney-in-fact, with the power to endorse Grantor's name on all applications, documents, papers and instruments necessary for Coast to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to any third person, or necessary for Coast to assign, pledge, convey or otherwise transfer title in or dispose of the Patents to any third person. Grantor hereby ratifies all 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 Agreement.

9. At such time Grantor shall completely satisfy all of the Obligations, this Agreement shall terminate and Coast shall execute and deliver to Grantor all deeds, assignments and other instruments as may be necessary or property to re-vest in Grantor full title to the Patents, subject to any disposition thereof which any have been made by Coast pursuant hereto.

10. Any and all fees, costs and expenses, of whatever kind of nature, including the reasonable attorney's fees and legal expenses incurred by Coast in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this Transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Patents, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, shall be borne and paid by Grantor on demand by Coast and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in the Loan Agreement.

11. Grantor shall have the duty, through counsel acceptable to Coast, to prosecute diligently any patent applications of the Patents pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to make application on unpatented but patentable inventions and to preserve and maintain all rights in patent application and patents of the Patents, including without limitation the payment of all maintenance fees. Any expenses incurred in connection with such application shall be borne by Grantor. The Grantor shall not abandon any right to file a patent application, or any pending patent application or patent without the consent of Coast, which consent shall not be unreasonably withheld.

12. Grantor shall have the right, with the consent of Coast, which shall not be unreasonably withheld, to bring suit to its own name, and to join Coast, if necessary, as a part to such suit so long as Coast is satisfied that such joinder will not subject it to any risk of liability, to enforce the Patents and any licenses thereunder. Grantor shall promptly, upon demand, reimburse and indemnify Coast for all damages, costs and expenses, including legal fees, incurred by Coast pursuant to this paragraph 12.

13. No course of dealing between Grantor and Coast, nor any failure to exercise, nor any delay in exercising, on the part of Coast, any right, power or privilege hereunder or under the Loan Agreement 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 or further exercise thereof or the exercise of any other right, power or privilege.

14. All of Coast's rights and remedies with respect to the Patents, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

15. The provisions of this Agreement are several, 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 clause or provision of this Agreement in any jurisdiction.


16. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 5.

17. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.


18. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of California.

WITNESS the execution hereof under seal as of the day and year first above written.

GRANTOR:  
**Gilmore Enterprises  
Window Coverings, Inc.,**  
a California Corporation

By:   
\_\_\_\_\_  
Ken Gilmore  
Title: President

COAST:  
**Coast Business Credit®**, a division of  
Southern Pacific Bank

By:   
\_\_\_\_\_  
Robert D. Peters  
Title: Vice President

**EXHIBIT A**

to Patent Security Agreement  
between Gilmore Enterprises Window Coverings, Inc. and Coast Business Credit®  
dated May 7, 1998

**COUNTRY**

**PATENT NUMBER**

United States  
United States

5102598  
347348

**JEROME D. STARK, PC**

A PROFESSIONAL LAW CORPORATION

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Mailing Address: P.O. Box 1187 • Orange, California 92856-0187

E-Mail: BIZLAWYER@worldnet.att.net

Via Overnight Courier Service

August 5, 1998

U.S. Patent and Trademark Office  
Office of Public Records  
Attn: Customer Services Counter  
1213 Jefferson Davis Highway, 3<sup>rd</sup> Floor  
Arlington, VA 22202

Re: Coast Business Credit®/Gilmore Enterprises Window Coverings, Inc.  
Patent Security Agreement/Trademark Security Agreement

Dear Sirs:

Please find enclosed an original with copy of the above referenced documents. In addition, I have enclosed checks in the amounts of eighty dollars (\$80.00) and one hundred sixty-five dollars (\$165.00) for recording fees.

Kindly record the documents and return a conformed copy to this office at your earliest convenience. If you have any questions, please feel free to contact me at (714) 288-8538.

Respectfully,  
JEROME D. STARK, PC



Conrad Rodriquez  
Legal Assistant

Enclosures (6)

CR

cc: Coast Business Credit