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TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

☒ New
☐ Resubmission (Non-Recordation)
Document ID#
☐ Correction of PTO Error
Reel # Frame #
☐ Corrective Document
Reel # Frame #

Conveyance Type

☐ Assignment ☒ Security Agreement
☐ License ☐ Change of Name
☐ Merger ☐ Other
U.S. Government
(For Use ONLY by U.S. Government Agencies)
☐ Departmental File ☐ Secret File

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached
Execution Date
Month Day Year
01 29 99

Name (line 1) Newport Acquisition Company No. 1 LLC

Name (line 2)

Second Party

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Receiving Party

☐ Mark if additional names of receiving parties attached

Name (line 1) Power Technology Inc.

Name (line 2)

Address (line 1) 8304 Coral Dr.

Address (line 2)

Address (line 3) Dallas

TX

75243

City

State/Country

Zip Code

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, DC 20503

PATENT
REEL: 9764 FRAME: 0324

Correspondent Name and Address

Area Code and Telephone Number (214) 503-7600

Name Donald E. Davis

Address (line 1) 8304 Coral Dr.

Address (line 2) Dallas, TX 75243

Address (line 3)

Address (line 4)

Pages

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

9

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)

4992920		

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		PCT		PCT	
PCT		PCT		PCT	

Number of Properties

Enter the total number of properties involved.

1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ 40.00

Method of Payment:

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Enclosed ☒

Deposit Account ☐

Deposit Account Number:

12-1781

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.

Donald E. Davis

Name of Person Signing

Chairman, Power Technology Inc.

Signature

2/9/99

Date

2-11-99

Monty L. Ross, Reg. No. 28,899

PATENT SECURITY AGREEMENT

PATENT SECURITY AGREEMENT (this "Agreement") dated as of January 29, 1999, by and among NEWPORT ACQUISITION COMPANY NO. 1, LLC, a Texas limited liability company (the "Grantor"), and POWER TECHNOLOGY INC., a Texas corporation (the "Secured Party").

WHEREAS, pursuant to the Asset Purchase and Sale Agreement dated January 29, 1999 between the Grantor and the Secured Party (the "Sale Agreement"), the Grantor has acquired and now owns the Patent (as hereinafter defined); and

WHEREAS, as contemplated by the Sale Agreement, the Grantor is to grant to the Secured Party a continuing security interest in the Patent Collateral (as hereinafter defined) in order to secure the payment and performance of the Obligations;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions: Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Sale Agreement. In addition, as used herein:

(a) "Earn-out Agreement" means the Earn-out Agreement dated January 29, 1999 between the Grantor and the Secured Party.

(b) "Event of Default" means:

(i) The failure of the Grantor to make any payment on the Obligations when due and the continuation of such failure for ten (10) days after notice of such failure is given to the Grantor;

(ii) Any failure on the part of the Grantor to perform, keep or fulfill any of the other covenants or obligations set forth in this Agreement or the Earn-out Agreement and the continuance of such default for a period of fifteen (15) days after notice of such failure is given to the Grantor or, if such failure cannot reasonably be cured within fifteen (15) days, the failure of the Grantor to undertake such cure within such fifteen (15) day period and thereafter diligently pursue the same to completion; or

(iii) The Grantor

(a) files a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law;

(b) consents to an involuntary petition in bankruptcy or fails to have vacated within sixty (60) days from its date of entry any order approving an involuntary petition against such person;

(c) is the subject of an order, judgment or decree by any court of competent jurisdiction on the application of a creditor, adjudicating such person as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of such person's assets, which order, judgment or decree continues unstayed and in effect for sixty (60) days after its entry;

(d) has a receiver or trustee appointed for all or any substantial portion of such person's property, and the order, judgment or decree appointing any such receiver or trustee shall continue unstayed and in effect for sixty (60) days after its entry; or

(e) is liquidated, terminated or dissolved.

(c) "Obligations" shall mean the payment obligations of the Grantor under the Earn-out Agreement and the costs, fees and expenses of the Secured Party in preserving or enforcing its rights hereunder and under the Earn-out Agreement..

(d) "PTO" means the United States Patent and Trademark Office.

(e) "Patent" means United States Patent No. 4,992,920.

(f) "Patent Collateral" means the following, whether now existing or hereafter acquired:

- (i) the Patent and all rights to make, use and sell, and all other rights with respect to, the inventions disclosed or claimed therein and all rights of the Grantor under any license or similar agreement with respect to any of the foregoing;
- (ii) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of the items described in clause (i) above; and
- (iii) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement of the Patent.

(g) "Uniform Commercial Code" shall mean the Uniform Commercial Code of the State of Texas.

2. Grant of Security Interest. To secure the payment and performance in full of the Obligations, Grantor hereby grants to the Secured Party a continuing security interest in all of Grantor's right, title and interest in, to and under the Patent Collateral.

3. Representations and Warranties. Grantor hereby represents, warrants and covenants that:

(a) The Grantor is a duly organized limited liability company, validly existing and in good standing under the laws of the State of Texas, and has the full and complete right, power and authority to enter into and perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement by the Grantor has been authorized by all necessary company action on the part of the Grantor;

(b) Grantor is the owner of the unencumbered right, title and interest in and to the Patent Collateral, free and clear of any liens, charges, encumbrances and adverse claims arising by, through or under Grantor;

(c) This Agreement will create, in favor of the Secured Party, a valid and perfected first priority security interest in the Patent Collateral upon making the filings referred to in subsection (d) below; and

(d) Except for the filing of financing statements with the appropriate offices under the Uniform Commercial Code and the filing of this Agreement with the PTO, no authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory authority, agency or office is required either (1) for the grant by the Grantor, or the effectiveness of, the security interest granted hereby or for the execution, delivery and performance of this Agreement by the Grantor or (2) for the perfection of or the exercise by the Secured Party of any of its rights and remedies hereunder.

4. No Conflicts. The Grantor agrees that, until all of the Obligations shall have been finally paid and satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with the Secured Party's obligations under this Agreement without the Secured Party's prior written consent; provided, however, the Grantor shall be permitted to license the Patent to any third party for the sole purpose of permitting such third party to practice such Patent in connection with the manufacture of products distributed, marketed or sold by the Grantor.

5. Maintenance of Patents. The Grantor shall assume full and complete responsibility for the prosecution, grant, enforcement, defense, maintenance or any other necessary or desirable actions in connection with the Patent Collateral.

6. Preservation of Collateral. The Grantor shall preserve and protect the Patent Collateral and shall pay when due all maintenance fees and other fees, taxes and other expenses which shall be incurred or which shall accrue with respect to the Patent Collateral.

7. Further Assurances. In general, the Grantor shall take any and all such actions (including but not limited to institution and maintenance of suits, proceedings or actions) as may be reasonably necessary or appropriate to properly maintain, protect, preserve, care for and enforce the Patent Collateral. The Grantor shall not take or fail to take any reasonable action, nor permit any action to be taken or not taken by others under its control, which would adversely affect the validity, grant or enforcement of the Patent Collateral. In addition the Grantor shall, at any time and from time to time, and at its expense, make, execute, acknowledge and deliver, and file and record as necessary or appropriate with governmental or regulatory authorities, agencies or offices, such agreements, assignments, documents and instruments, and do such other and further acts and things, as the Secured Party may reasonably request or as may be necessary or appropriate in order to implement and effect fully the intentions, purposes and provisions of this Agreement, or to assure and confirm the grant and perfection of the Secured Party's security interest in the Patent Collateral.

8. Notice of Adverse Claims. As soon as reasonably practicable following obtaining knowledge thereof, the Grantor will notify the Secured Party in writing of the institution of, or any final adverse determination in, any proceeding in the PTO or any similar office or agency of the United States or any foreign country, or any court, or any claim made by any third party, regarding the validity of any of the Patent Collateral or any of the Grantor's rights, title or interests in and to the Patent Collateral, and of any event which does or reasonably could materially adversely affect the Secured Party's rights, title or interests in and to any of the Patent Collateral or the value of any of the Patent Collateral, or the rights and remedies of the Secured Party in relation thereto (including but not limited to the levy of any legal process against any of the Patent Collateral).

9. No Transfer. Except as otherwise expressly provided in this Agreement, without the Secured Party's prior written approval, the Grantor shall not mortgage, pledge, assign, encumber, grant a security interest in, abandon, transfer, license or alienate any of the Patent Collateral, or enter into any agreement which is inconsistent with the Grantor's obligations under this Agreement.

10. Remedies Upon Default. If any Event of Default shall have occurred and be continuing, any accrued but unpaid Obligations shall become immediately due and payable and, at the discretion of the Secured Party, and upon notice by the Secured Party to the Grantor, the Grantor shall immediately cease and desist from the practice, manufacture, use and sale of the inventions claimed, disclosed or covered by the Patent Collateral; and the Secured Party 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 and, without limiting the generality of the foregoing, the Secured Party may immediately, without further demand of performance and without other notice (except as set forth next below) or demand whatsoever to the Grantor, all of which are hereby expressly waived, and without advertisement, sell or license at public or private sale or otherwise realize upon the whole or from time to time any part of the Patent Collateral, or any interest which the Grantor may have therein, and after deducting from the proceeds of sale or other disposition of the Patent Collateral 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 as set forth in Section 11 hereof. Notice of any sale, license or other disposition of the Patent Collateral shall be given to the Grantor at least fifteen (15) days before the time that any intended public sale or other disposition of the Patent Collateral is to be made or after which any private sale or other disposition of any of the Patent Collateral may be made, which the Grantor hereby agrees shall be reasonable notice of such public or private sale or other disposition. At any such sale or other disposition, the Secured Party may, to the extent permitted under applicable law, purchase or license the whole or any part of the Patent Collateral or interests therein sold or licensed, free from any right of redemption on the part of the Grantor, which right is hereby waived and released.

11. Enforcement Costs. The costs, fees and expenses of the Secured Party in preserving or enforcing its rights hereunder and the Earn-out Agreement shall constitute a just claim on the Patent Collateral and be entitled to priority over all other Obligations in respect of all distributions of any proceeds from any portion of the Patent Collateral. The Secured Party shall apply the residue of any proceeds of collection, sale, license or other disposition of the Patent Collateral in the manner determined by the Secured Party, subject, however, to the provisions of applicable law.

12. Power of Attorney. If any Event of Default shall have occurred and be continuing, the Grantor hereby authorizes and empowers the Secured Party to make, constitute and appoint the Secured Party (and any officer or agent of the Secured Party as the Secured Party may select in its exclusive discretion) as the Grantor's true and lawful attorney-in-fact, with the power to endorse the Grantor's name on all applications, documents, papers and instruments necessary for the Secured Party to use the Patent Collateral, to practice, make, use or sell the inventions disclosed or claimed in the Patent Collateral, to grant or issue any exclusive or nonexclusive license under the Patent Collateral to any third person, or necessary for the Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Patent Collateral or any part thereof or interest therein to any third person, and, in general, to execute and deliver any instruments or documents and do all other acts which the Grantor is obligated to execute and do hereunder. The Grantor hereby agrees to ratify all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the duration of this Agreement.

13. Termination. At such time as all of the Obligations have been finally paid and satisfied in full, this Agreement shall terminate and the Secured Party shall upon the written request of the Grantor and at the Grantor's expense, execute and deliver to the Grantor all instruments as may be necessary or proper to terminate and release the security interest in the Patent Collateral held by the Secured Party.

14. Discretionary Action by Secured Party. If the Grantor shall fail to do any act which it has covenanted to do hereunder, or if any representation or warranty of the Grantor shall be breached, the Secured Party, in its own name or that of the Grantor, may (but shall not be obligated to) do such act or remedy such breach (or cause such act to be done or such breach to be remedied), and any cost or expense incurred by the Secured

Party in so doing shall be added to the amount of the Obligations. The Grantor shall cooperate with the Secured Party in any such act or remedy.

15. No Waiver. No course of dealing between the Grantor 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 shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. Rights and Remedies Cumulative. All of the Secured Party's rights and remedies with respect to the Patent Collateral, whether established hereby or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

17. Severability The provisions of this 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 Agreement in any jurisdiction.

18. Amendments. This Agreement is subject to modification only by a writing signed by the parties.

19. Successors and Assigns. 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.

20. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas.

21. Notice. All notices and other communications made or required to be given pursuant to this Agreement shall be made or given, and shall take effect, in accordance with the manner specified in Section 20 of the Sale Agreement.

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have caused this Agreement to be duly executed as an instrument under seal effective as of the date first above written.

NEWPORT ACQUISITION COMPANY
NO. 1, LLC

By: Muh Bui
Title: Manager

POWER TECHNOLOGY, INC.

By: D. E. Zies

Title: Chairman

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