

03-15-1999

FORM PTO-1596 (MODIFIED)
(REV. 6-93)
OMB NO. 0651-0011
P09/REV01



100983067

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

<p>1. Name of the conveying party(ies):</p> <p>Lions Adhesives, Inc.</p> <p>MRD 3-2-99</p> <p> <input type="checkbox"/> Individual(s) <input type="checkbox"/> (Association) <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-Michigan <input type="checkbox"/> Other: Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p>	<p>2. Name and address of receiving party(ies):</p> <p>Name: Lions Investment, Ltd. c/o Ian D. Phillips Manager, Trust Operations CIBC Bank & Trust Company (Cayman) Limited P. O. Box 694 Georgetown, Grand Cayman, B.W.I.</p> <p>RECEIVED MAR - 2 1999</p> <p> <input type="checkbox"/> Individual(s) Citizenship United Kingdom and USA <input type="checkbox"/> Association: <input type="checkbox"/> General Partnership: <input type="checkbox"/> Limited Partnership: <input checked="" type="checkbox"/> Corporation-State: Cayman Island <input type="checkbox"/> Other: Additional name(s) & address(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p>
<p>3. Nature of conveyance:</p> <p> <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other: Execution Date: February 17, 1999 </p>	

<p>4. Application number(s) or registration number(s):</p> <p>A. Patent Application No.(s)</p> <p>U.S. Provisional Application No. 60/116,020, filed January 15, 1999 U.S. Patent Application No. 09/145,937, filed September 3, 1998</p> <p>Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>B. Patent No.(s)</p> <p>U.S. Patent No. 5,580,940 U.S. Patent No. 5,872,199</p> <p>Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>5. Name and address of party to whom correspondence concerning document should be mailed:</p> <p>Name: Richard D. Grauer, Esq. Internal Address: RADER, FISHMAN & GRAUER PLLC Street Address: 1533 N. Woodward Avenue, Suite 140 City: Bloomfield Hills State: Michigan Zip: 48304</p>	<p>6. Total number of applications and patents involved:</p> <p>7. Total fee (37 CFR 3.41):\$160.00</p> <p> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account (duplicate copy attached) </p> <p>8. Deposit account number: <u>18-0013</u></p>

03/11/1999 JSHABAZZ 00000191 180013 60116020

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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.

Richard D. Grauer, Esq.

Signature

February 26, 1999

Date

Total number of pages including cover sheet, attachments and document: **10** Atty. Docket No. 65554-999

r0049046

PATENT
REEL: 9798 FRAME: 0752

SECURITY AGREEMENT

This Security Agreement is made this 17th day of February, 1999, by Lions Adhesives, Inc., a Michigan corporation, whose address is 3900 Collins Road, Suite 1018, Lansing, Michigan, 48910 ("Debtor") unto Lions Investment, Ltd., a Cayman Island corporation, whose address is c/o Mr. Ian D. Phillips, Manager, Trust Operations, CIBC Bank & Trust Company (Cayman) Limited, P O Box 694, CIBC Building, Edward Street, Georgetown, Grand Cayman, B.W.I. ("Secured Party").

INTRODUCTORY STATEMENTS

Debtor, as obligor, has executed, and may in the future execute various Promissory Notes in favor of Secured Party, as obligee for loans made to Debtor, from time to time, for operating capital for Debtor.

To secure the payment of the indebtedness as evidenced by the Promissory Notes, as well as any renewals, extensions or modifications thereof and all other existing and future debts and obligations of Debtor to Secured Party for loans to, or payment advances made on behalf of, Debtor (collectively, the "Obligations"), Debtor desires to grant to Secured Party a security interest in the property described in Exhibit "A" attached hereto and made a part hereof.

AGREEMENT

Now, therefore, the parties agree as follows:

1. Grant of Security Interest. Debtor grants to Secured Party a continuing security interest in the assets listed in Exhibit A attached hereto and made a part hereof and the proceeds of said assets (the "Collateral").

2. Indebtedness Secured. The foregoing security interest is given to secure payment and performance of all debts, liabilities and obligations of Debtor under this Agreement and the Obligations (sometimes collectively referred to as the "Documents").

3. Warranties and Representation. Debtor warrants and represents to Secured Party as follows:

A. Debtor has full power and authority to enter into and perform the obligations under this Agreement; and this Agreement is the valid and binding obligation of Debtor, enforceable in accordance with its terms.

B. Debtor represents that it is the lawful owner of the Collateral, free and clear of all security interests, liens and encumbrances of every kind, nature and description, and that it will warrant and defend the Collateral against all claims and demands of all persons.

4. Agreements of Debtor. Debtor agrees that:

A. Debtor will not cause or permit any lien, security interest or encumbrances to be placed on the Collateral, except in favor of Secured Party and Debtor will not sell, assign, or transfer any of the Collateral or permit any of the Collateral to be transferred by operation of law; except that, as long as an event of default, as defined in any of the Documents, has not occurred, Debtor may sell or lease the Collateral in the ordinary course of Debtor's business.

B. Debtor will maintain all records concerning the Collateral at Debtor's address in Michigan and will properly maintain and care for the Collateral.

C. Debtor will execute, file and record (and, if applicable, procure from third persons) financing statements, subordination agreements, and other documents and take all other action that Secured Party may deem necessary to perfect, to continue perfection of, or to maintain first priority of Secured Party's security interest in the Collateral.

D. Debtor will immediately notify Secured Party in writing of any change in Debtor's name or identity, and of any change in the location of Debtor's place of business and of the location of each additional place of business established by Debtor.

E. Debtor will maintain fire and extended coverage insurance covering all tangible Collateral in the amounts and against the risks that is customarily maintained by similar businesses. Each insurance policy will provide that its proceeds will be payable to Secured Party to the extent of Secured Party's interest in the Collateral. Debtor will provide Secured Party with evidence of the insurance coverage.

F. Debtor will timely pay, before they become delinquent, all taxes and assessments upon the Collateral or for its use or operation.

G. Debtor shall cause the Collateral to be maintained and preserved in substantially the same condition as on the date hereof, ordinary wear and tear and deterioration excepted, and shall as quickly as reasonably practicable make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable to such end.

H. Debtor hereby agrees that it will, at all times during regular business hours, allow Secured Party or its representatives, at reasonable times, free access to and right of inspection of the Collateral.

I. Debtor agrees that, from time to time, at the expense of Debtor, Debtor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral. The expenditures and activities required of Debtor under this paragraph will not be beyond what is reasonably necessary.

5. Events of Default and Acceleration. A default under the Notes or a breach of any of the terms or conditions of this Agreement shall constitute a default hereunder. Upon default, the Secured Party, as one of its remedies, may declare that any part or all of the indebtedness under the Obligations shall, at the option of Secured Party, become immediately due and payable without notice or demand.

6. Secured Party's Rights and Remedies. With respect to the Collateral, Secured Party shall have all the rights and remedies set forth herein, set forth in the Documents, set forth in any other instruments, documents or agreements evidencing the obligations or granting to Secured Party security therefor, or relating to the extension of credit by the Secured Party to the Debtor, and those provided under applicable federal or state law, equity or bankruptcy, and those rights of a secured party under the Uniform Commercial Code as adopted in Michigan. Secured Party shall, at all times after default by Debtor under any of the Documents, have the right to take possession of the Collateral and to maintain such possession on the premises of Debtor or to remove the Collateral or any part thereof to such other places as Secured Party may desire. If Secured Party shall exercise its rights to take possession of the Collateral, Debtor shall, upon demand by Secured Party assemble the Collateral (along with all books, records and documents evidencing or relating to the Collateral) and make it available to Secured Party at a place convenient or designated by Secured Party. Without limiting these rights and remedies:

A. If all or any part of the indebtedness under the Documents are not paid when due, Debtor, upon demand by Secured Party, shall immediately deliver the Collateral and proceeds of Collateral to Secured Party at such place as Secured Party, shall designate, and Secured Party may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by Secured Party to Debtor regarding any sale or other disposition of Collateral shall be considered reasonable if mailed at least ten (10) days before the sale or other disposition.

B. The proceeds of any collection or disposition of Collateral shall be applied first to the Secured Party's cost and expenses of enforcement and collection (including attorneys' fees) and second to the indebtedness under the Obligations, and Debtor shall be liable for any deficiency remaining.

C. At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payments made, or any expenses incurred by Secured Party pursuant to the foregoing authorization, along with interest at the rate of five percentage points (5%) over the prime rate of interest, and upon failure of the Debtor so to reimburse Secured Party, any such sums paid or advanced by Secured Party shall be deemed secured by the Collateral and constitute part of the Obligations.

D. Secured Party shall also be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of Debtor, or waste of, or adequacy of the security of the Collateral, and whether or not proceedings have been brought to enforce this Agreement, to have a receiver appointed and who shall in addition to all the rights and powers granted to it under the terms of its receivership shall have all the rights and powers granted the Secured Party hereunder including the right to the possession of the Collateral to collect the income and profits therefrom and otherwise deal with and manager the Collateral and operate the business of Debtor and apply such income and profits to the payment of taxes, assessments, insurance premiums and expenditures for the management of the Debtor's business and the upkeep of the Collateral. The receiver may be affiliated with the Debtor.

7. Term of Agreement. The term of this Agreement shall commence with the date hereof and continue in full force and effect and be binding upon the Debtor during any period that all payments under the Obligations of Debtor to Secured Party have not been fully paid and satisfied; and until so paid and satisfied, Secured Party shall be entitled to retain its security interest in the Collateral. Upon payment in full of the obligations owing under the Documents, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Debtor. Upon any such termination, Secured Party shall execute and deliver to Debtor such documents as Debtor shall reasonably request to evidence such termination.

8. Amendment. No provision of this agreement may be modified or amended except by a written agreement signed by Debtor and Secured Party.

9. Notice. Any notice to Debtor or to Secured Party shall be deemed to be given if and when mailed, certified mail, return receipt requested, with postage prepaid, to the

respective address of Debtor or Secured Party appearing on the first page of this agreement, or if and when delivered personally.

10. Other. In this agreement, maturity of any of the indebtedness under the Documents means the time when that indebtedness has become due and payable, for any reason (including, for example, acceleration due to default or bankruptcy).

11. Binding Effect. This agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns.

12. Entire Agreement. This Agreement, together with all other agreements of even date herewith involving the parties hereto, constitutes the entire understanding between the parties hereto with respect to the subject matter contained herein and supersedes any prior understandings and agreements between them respecting such subject matter.

13. Headings. The headings in this Agreement are for convenience of reference only and shall not affect its interpretation.

14. Waiver. No delay or omission on the part of Secured Party in exercising any rights shall operate as a waiver of such right or any other right. Waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All Secured Party's rights and remedies, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singularly or concurrently.

15. Severability. If any provision of this Agreement is held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability will not affect any other provision hereof. Such provision and the remainder of this Agreement shall, in such circumstances, be deemed modified to the extent necessary to render enforceable the remaining provisions hereof.

16. Counterparts. This Agreement may be executed in counterparts, all of which taken together will constitute one (1) instrument.

17. Governing Law. This Agreement shall be construed and enforced in accordance with Michigan law without giving effect to principles of conflicts of law and irrespective of the residence of the parties.

18. Remedies Not Exclusive. No remedy expressly provided for by this Agreement shall in any way limit the remedies otherwise available to either party under applicable law or otherwise under the terms of this Agreement.

19. Time Of The Essence. The time of performance by any party of its obligations hereunder is of the essence of this Agreement.

20. Assignment. Debtor may not assign any of its rights or obligations hereunder without the prior written consent of the Secured Party. Secured Party, on the other hand, may freely assign and transfer any of its rights or obligations hereunder.

Debtor has executed this Security Agreement on the date listed on the first page of this agreement.

WITNESSED:

A handwritten signature in black ink, appearing to be "J. Bloembergen", written over a horizontal line.

DEBTOR:

Lions Adhesives, Inc.,
a Michigan corporation

By:

A large, stylized handwritten signature in black ink, appearing to be "Steven Bloembergen", written over a horizontal line.

Steven Bloembergen
Its: Director

Exhibit "A"

Description of Collateral

1. All assets, personal and mixed, tangible and intangible, absolute or contingent, of the Debtor, now owned or hereafter acquired, including, but not limited to, (a) the inventory, including all goods, merchandise, raw materials, goods and work in process, finished goods, and other tangible personal property now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts of service or used or consumed by the Debtor, and the proceeds and products thereof (all hereinafter called the "Inventory"), (b) all machinery, equipment, fixtures, furniture, tools and other goods whether now owned or hereafter acquired for use by the Debtor and wherever located, all replacements and substitutions therefor or accessions thereto and all proceeds thereof, (all hereinafter called the "Goods and Chattels"), and (c) all accounts, contracts, contract rights, notes, bills, drafts, acceptances, general intangibles, choses in action, and all other debts, obligations and liabilities in whatever form, owing to the Debtor from any person, firm or corporation or any other legal entity, and the proceeds thereof, whether now existing or hereafter arising, now or hereafter received by or belonging or owing to the Debtor, for goods sold by it or for services rendered by it, or however otherwise same may have been established or created, all guarantees and securities therefor, all right, title and interest of the Debtor in the merchandise and services which gave rise thereto, including the rights of reclamation and stoppage in transit, all rights of an unpaid seller of merchandise or services, and in the products and proceeds of all of the same, including, without limitation, all proceeds of credit, fire or other insurance, and any tax refunds.
2. All intellectual property of the Debtor including, but not limited to, the following patents and patent applications:
 - a) U.S. Patent 5,580,940
Date of Patent: December 3, 1996
Biodegradable Diacrylates and Adhesives Based Thereon
 - b) U.S. Patent Application 08/920,911
Application Date: August 29, 1997
U.S. Patent 5,872,199 (to issue February 16, 1999)
Sugar Based Vinyl Monomers Useful in Repulpable Adhesives and Other Applications, as Amended
 - c) U.S. Provisional Patent Application, Docket No. 60/116,020
Application Date: January 15, 1999
Repulpable and Biodegradable Pressure-Sensitive Adhesive Compositions Based on Sugar-Based Vinyl Copolymers

- d) U.S. Divisional Patent Application, 09/145,937
Application Date: September 3, 1998
Sugar-Based Vinyl Monomers Useful in Repulpable Adhesives and Other Applications
Based on 08/920,911, filed August 29, 1997
- e) PCT Application PCT/US98/16718
Application Date: August 12, 1998
Sugar-Based Vinyl Monomers Useful in Repulpable Adhesives and Other Applications
Claiming Priority of 08/920,911
- f) Netherlands Patent Application No. NL9201695, Filed April 19, 1994
- g) Canadian Patent Application SN 2,147,064, Filed April 13, 1995
and entitled Biodegradable Diacrylates and Adhesives Based Thereon