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*6-21-99*



101072629

To the Honorable Commissioner of Patents and Trademarks, Please refer to

copy thereof.

1. Name of conveying party(ies):

MICROFLUIDICS INTERNATIONAL CORPORATION

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

3. Nature of conveyance:

- Assignment  Merger
- Security Agreement  Change of Name
- Other \_\_\_\_\_

Execution Date: August 12, 1998

2. Name and address of receiving party(ies):

Name: COMERICA BANK

Internal Address: 1000 Campau Square Plaza

Street Address: 99 Monroe Avenue, N.W.

City: Grand Rapids State: MI ZIP: 49503

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)

U.S.S.N. 09,129,359  
851,443  
859,153

B. Patent No.(s)

4,908,154	4,634,134
4,533,254	4,684,072
5,570,955	4,746,069
	5,620,147

Additional numbers attached?  Yes  No

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

Name: Marjory G. Basile

Internal Address: Miller, Canfield, Paddock & Stone

Street Address: 150 W. Jefferson, Suite 2500

City: Detroit State: MI ZIP: 48226

6. Total number of applications and patents involved: 10

7. Total fee (37 CFR 3.41):..... \$ 400.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

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

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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.

06/23/1999 HTHA11 00000028 09125359

01 FC:381 Marjory G. Basile 400.00 OF

Name of Person Signing

*Marjory G. Basile*

Signature

6-16-99

Date

Total number of pages comprising cover sheet: 11

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**PATENT**

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of August 12, 1998, by the DEBTOR, as hereafter defined, in favor of COMERICA BANK, a Michigan banking corporation (the "Bank"), pursuant to a Revolving Credit Loan Agreement ("Loan Agreement") of even date herewith between the Bank and Debtor.

1. Debtor. As used in this Agreement, "Debtor" means Microfluidics International Corporation, a Delaware corporation.

2. Grant of Security Interest. Debtor hereby grants to the Bank a continuing security interest in and lien upon Debtor's Accounts, Chattel Paper, Documents, Equipment (other than Titled Vehicles), Fixtures, General Intangibles, Goods, Instruments and Inventory, all additions, attachments, accessories, parts, replacements, substitutions and renewals to or of such items, trade names, trade styles and goodwill, trademarks, copyrights and patents, and applications therefor, trade and proprietary secrets (but specifically excluding any of the Debtor's right to use patents, trademarks, trade names, service marks, copyrights and other trade and proprietary secrets of any person), formulae, designs, blueprints and plans, customer lists, literary rights, licenses and permits, tax refunds, notes and other receivables, insurance proceeds, returned or rebated insurance premiums, beneficial interests in trusts and minute books and other books and records, all other rights, properties and interests, of whatsoever nature and wheresoever located, or Debtor and the proceeds and products of all of the foregoing, in each case whether now owned or hereafter acquired (it being the intention of Debtor hereby to grant to the Bank a security interest in all personal property and fixtures of Debtor, whether now owned or hereafter acquired). All of the foregoing properties and assets of Debtor are referred to collectively in this Agreement as the "Collateral."

3. Indebtedness Secured. This Agreement secures payment and performance of all obligations, indebtedness and liabilities of Debtor now and hereafter owing to the Bank, including, without limitation, the obligations, indebtedness and liabilities of Debtor to the Bank under this Security Agreement and the Loan Agreement and the Revolving Credit Note executed pursuant thereto, any guaranty by Debtor in favor of the Bank, and all replacements, modifications, extensions and renewals thereof (collectively, the "Indebtedness").

4. Warranties and Representations. Debtor warrants and represents to the Bank as follows with respect to itself and the Collateral:

(a) The Debtor is validly organized and in good standing as a corporation under the laws of the State of Delaware, and is duly qualified to transact business and is in good standing

in each jurisdiction where failure to qualify would have a material adverse effect on Debtor or its business;

(b) The Debtor has all necessary corporate power and authority to execute, perform and deliver this Agreement; the execution, delivery and performance of this Agreement has been duly authorized by all necessary action of its board of directors;

(c) This Agreement is a valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights and by general principles of equity;

(d) The execution, delivery and performance of this Agreement by Debtor will not violate or contravene its articles of incorporation or bylaws, or any law, statute, rule, regulation, order, judgment or agreement to which it is a party or by which it is bound; and

(e) Debtor's address set forth below its signature is the location of its chief executive office.

(f) At the time any Collateral becomes, or is represented to be, subject to a security interest in favor of Bank, Debtor shall be deemed to have warranted that (i) Debtor is the lawful owner of the Collateral and has the right and authority to subject it to a security interest granted to Bank; (ii) none of the Collateral is subject to any security interest other than that in favor of Bank and there are no financing statements on file, other than in favor of Bank or evidencing Permitted Liens; and (iii) Debtor acquired its rights in the Collateral in the ordinary course of business.

(g) On each occasion on which Debtor evidences to Bank the account balances on and the nature and extent of Debtor's Accounts Receivable, Debtor shall be deemed to have warranted that except as otherwise indicated (i) each of those Accounts Receivable is valid an enforceable without performance by Debtor of any act; (ii) each of those account balances is in fact owing, (iii) there are no setoffs, recoupments, credits, contra accounts, counterclaims or defenses against any of those Accounts Receivable, (iv) as to any Accounts Receivable represented by a note, trade acceptance, draft or other instrument or by any chattel paper or document, the same have been endorsed and/or delivered by Bank to Bank, (v) Debtor has not received with respect to any Account Receivable, any notice of the death of the related account debtor, nor of the dissolution, liquidation, termination of existence insolvency, business failure, appointment of a receiver or assignment for the benefit of creditors by, or filing of a petition in

bankruptcy by or against, the account debtor, and (vi) as to each Account receivable, the account debtor is not an affiliate of Debtor, the United States of America or any department, agency or instrumentality of it, or a citizen or resident of any jurisdiction outside of the United States.

5. Agreements of Debtor. Until the Indebtedness has been paid in full, Debtor agrees it shall, with respect to Collateral in its possession or control:

(a) Not cause or permit any lien, security interest or encumbrance to be placed on any Collateral, except in favor of the Bank and except for Permitted Liens as defined in the Loan Agreement;

(b) Not sell, lease, or otherwise dispose of any of the Collateral except as permitted in the Loan Agreement;

(c) Maintain all Collateral in good condition and repair, ordinary wear and tear excepted, and maintain insurance on the Collateral as required by the Loan Agreement;

(d) Execute, file and procure from third parties, if applicable, such financing statements, subordination agreements and any other documents as the Bank may reasonably deem necessary to perfect, or continue the perfection, or maintain the priority of, the Bank's security interest in the Collateral, and will pay on demand all costs and expenses of searches, filing and recording deemed reasonably necessary by Bank to establish, determine or continue the validity and priority of Bank's security interest;

(e) Maintain all records concerning the Collateral at its chief executive office identified on the last page of this Agreement, and keep the Collateral at the present location or locations of the Collateral identified on the signature page;

(f) Furnish the Bank with such information regarding the Collateral as the Bank shall from time to time reasonably request and allow the Bank at any reasonable time, during the Debtor's normal business hours, and upon reasonable notice, to inspect the Collateral and Debtor's records regarding the Collateral;

(g) Furnish to Bank, in form and at intervals as Bank may request, information adequate to identify the Inventory, its cost and location, and reports with respect to the acquisition and sale of Inventory; evidence to Bank, in form and at intervals as Bank may request, the account balances and the nature and extent of those Accounts Receivable in which Debtor has rights, the names and addresses of all account debtors and reports with respect to the payments on and aging

of Accounts Receivable; keep adequate records of the Collateral and other records as Bank shall determine to be appropriate; and allow Bank to examine, inspect and make abstracts from, or copy any of Debtor's books and records (relating to the Collateral or otherwise and whether printed or in magnetic tape or discs or in other machine readable form), and arrange for verification of Accounts Receivable directly with account debtors or by other methods acceptable to Bank.

(h) At the request of Bank, (i) mark its records and the Collateral to clearly indicate the security interest of Bank under this Agreement, and (ii) deliver to Bank all accounting and other records pertaining to, and all writings evidencing, the Collateral or any portion of it, together with all books, records and documents of Debtor related to it in whatever form kept by Debtor, whether printed or in magnetic tape or discs or in other machine readable form or otherwise, and all forms, programs, software and other materials and instructions necessary or useful to Bank, to monitor the Collateral or enforce its rights under this Agreement.

(i) Debtor agrees to fully and promptly cooperate and assist Bank (or any other person as Bank shall designate) in the collection and enforcement of all Accounts. Debtor irrevocably authorizes Bank or any Bank employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment of any Account Receivable or for any Inventory, and to do any and all things necessary in order to reduce these items to money;

(j) Notify the account debtors or obligors of the security interest of Bank in any Accounts and direct payment of it to Bank. Bank may, itself, upon the occurrence of any Event of Default so notify and direct any account debtor or obligor and may take control of any proceeds to which it may be entitled under this Agreement; and

(k) Pay or perform the Indebtedness when the same shall be due and payable.

#### 6. Collection of Proceeds.

(a) Debtor agrees to collect and enforce payment of all Accounts Receivable. Bank may direct Debtor, after a Default, to direct all payments to the Lock Box identified in Section 6(e) and, from and after this direction, Debtor agrees to fully and promptly cooperate and assist Bank (or any other person as Bank shall designate) in the collection and enforcement of all Accounts Receivable as provided in Section 6(e).

(b) Debtor irrevocably authorizes Bank or any Bank employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment of any Account Receivable or for any Inventory, and to do any and all things reasonably necessary in order to reduce these items to money.

(c) Bank shall have no duty as to the collection or protection of Collateral or the proceeds of it, nor as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Collateral in the possession of Bank. Debtor agrees to take all steps reasonably necessary to preserve rights against prior parties with respect to Debtor's Property in Possession of Bank.

(d) For the purpose of calculating interest on the Indebtedness, Debtor understands that Bank imposes a minimum one business day delay in crediting payments received by Bank on Accounts Receivable against the Indebtedness to allow time for collection, and Debtor agrees that Bank may, at Bank's option, make such credits only when payments are actually collected by Bank in immediately available funds. Any credit of payment by Bank prior to receipt by Bank of immediately available funds is conditional upon Bank's receipt of those funds. For the purpose of calculating the principal amount which Debtor may request to borrow from Bank under any borrowing arrangements with Bank, Debtor understands that Bank may, at Bank's option, use a method different from that used for the purpose of calculating interest.

(e) After a Default, unless Bank otherwise agrees in writing, Debtor shall at its sole expense establish and maintain, during the entire term of this Agreement a United States post office lock box (the "Lock Box"), to which Bank shall have exclusive access, and to which Debtor shall have no access. Debtor expressly authorizes Bank, from time to time, to remove all contents from the Lock Box, for disposition in accordance with this Agreement. Debtor agrees to notify all account debtors and other parties obligated to it that all payments made on any account, invoice or other collateral (other than payments by electronic funds) shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices. Payments made by electronic funds transfer shall be made directly to the Bank's Collateral Account (defined below), and Debtor shall so instruct its account debtors and other parties obligated to it. Debtor shall execute all documents, authorizations and other agreements necessary to establish the Lock Box, and Bank's exclusive access thereto.

(f) Any and all cash, checks, drafts and other instruments for the payment of money received by Debtor at any

time, in full or partial payment of any of the Collateral shall forthwith, upon receipt, be transmitted and delivered to Bank (properly endorsed, where required, so that such items may be collected by Bank). Any such items received by Debtor shall not be commingled with any other of Debtor's funds or property, but will be held separate and apart from Debtor's own funds or property, and upon express trust for the benefit of Bank until delivery is made to Bank.

(g) All items or amounts which are remitted to the Lock Box or otherwise delivered by or for the benefit of Debtor to Bank on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at Bank's option, (i) be applied to the payment of the Indebtedness, whether then due or not, in such order of application as Bank may determine in its sole discretion, or, (ii) shall be deposited to the credit of a non-interest bearing deposit account in the name of the Bank for the benefit of Debtor (the "Bank's Collateral Account") to be established by Debtor with Bank pursuant to this paragraph, as security for payment of the Indebtedness. Debtor shall have no right whatsoever to withdraw any funds so deposited. Debtor further grants to Bank a first security interest in and lien on all funds on deposit in such account. To the extent collected funds remain at any time on deposit in the Bank's Collateral Account after payment and discharge in full of the Indebtedness (provided there is then no Default hereunder), Bank shall release such surplus collected funds to Debtor. Debtor hereby irrevocably authorizes and directs Bank to endorse all items received for deposit to the Bank's Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.

7. The Bank's Right to Perform. If Debtor fails to perform any obligation of Debtor under this Agreement, the Bank may, upon five (5) days' prior written notice to Debtor, perform that obligation on behalf of Debtor. (This may include, for example, obtaining insurance coverage for Collateral or paying off liens on Collateral.) Debtor will reimburse the Bank on demand for any reasonable expense that the Bank incurs in performing any such obligation and will pay to the Bank interest thereon, from the date the expense was incurred by the Bank, at the Overdue Rate (as defined in the Loan Agreement). The Bank is not required to perform an obligation that Debtor has failed to perform. If the Bank does so, that will not be a waiver of the Bank's right to declare the Indebtedness immediately due and payable by reason of Debtor's failure to perform.

8. Events of Default and Acceleration. Any part or all of the Indebtedness shall, at the option of the Bank, become immediately due and payable without notice or demand (which are

expressly waived by Debtor), upon the occurrence of the following events of default:

(a) If any Event of Default shall occur and be continuing under the Loan Agreement.

(b) If Debtor shall fail to perform any of its other obligations under, or to comply with any of the terms, conditions, and covenants, contained in, this Agreement and that failure shall continue for 30 days after written notice from the Bank to Debtor, provided that no additional notice shall be required as to any failure that also constitutes an event of default under the Loan Agreement.

9. The Bank's Rights and Remedies. Upon the occurrence of any Event of Default, Bank may at its discretion and without prior notice to Debtor declare any or all of the Indebtedness to be immediately due and payable, and the Bank shall have all rights and remedies of a secured party under applicable laws. Without limiting these rights and remedies, upon the occurrence of an event of default, as defined in Paragraph 8 above,

(a) Exercise all the rights and remedies upon default, in foreclosure and otherwise, available to secured parties under the provisions of the Uniform Commercial Code and other applicable law;

(b) Institute legal proceedings to foreclose upon and against the lien and security interest granted by this Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any of the Collateral or the proceeds of any sale of it;

(c) Institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any or all of the Collateral; and/or

(d) If all or any part of the Indebtedness is not paid at maturity, whether by acceleration or otherwise, Debtor, upon demand by the Bank, shall deliver the Collateral and proceeds of Collateral (and all books, records, agreements, leases, documents, and instruments evidencing or relating to the Collateral) to the Bank at such place as the Bank shall designate, and the Bank may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by the Bank 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. In this Agreement, "maturity" of any of the Indebtedness means the time when that Indebtedness has become due and payable, whether by acceleration or otherwise.



(e) The proceeds of any collection or disposition of Collateral shall be applied first to the Bank's reasonable attorney fees and expenses, as provided in Paragraph 10 below, then to the unpaid interest accrued on the Indebtedness and then to the principal of the Indebtedness, and Debtor shall be liable for any deficiency.

All rights and remedies of the Bank under this Agreement, whether or not exercisable only on default, shall be cumulative and may be exercised from time to time. No delay by the Bank in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

10. Expenses. Debtor shall reimburse the Bank on demand for all reasonable attorney fees, legal expenses, and other out-of-pocket expenses that the Bank incurs in perfecting, protecting and enforcing its interest in the Collateral and its rights under this Agreement. This includes fees and expenses incurred in trying to take possession of Collateral from Debtor, a trustee or receiver in bankruptcy, or any other person. The Bank may apply any proceeds of collection or disposition of Collateral to the Bank's reasonable attorney fees, legal expenses and other out-of-pocket expenses.

11. Proceeds of Sale. The proceeds of any sale or other disposition of Collateral authorized by this Agreement shall be applied by Bank first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorney fees and legal expenses incurred by Bank; the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to remaining Indebtedness and the surplus, if any, shall be paid over to Debtor or to such other person(s) as may be entitled to it under applicable law. Debtor shall remain liable for any deficiency, which it shall pay to Bank immediately upon demand.

12. Assemble Collateral. Upon the occurrence of an Event of Default, Debtor also agrees, upon request of Bank, to assemble the Collateral and make it available to Bank at any place designated by Bank which is reasonably convenient to Bank and Debtor.

13. Amendments and Waivers. No provision of this Agreement may be modified or waived except by a written agreement signed by the Bank. The Bank will continue to have all of its rights under this Agreement even if it does not fully and promptly exercise them on all occasions. The Bank may, at its option, waive any default, defer an action on any default; extend or modify the time or manner of payment of the Indebtedness or waive or modify any term or condition relating to the Indebtedness; release Collateral or other security for the Indebtedness; release any person liable for any of

the Indebtedness, including Debtor; or make advances or other extensions of credit secured hereby; all without giving Debtor notice or obtaining Debtor's consent. Any such action by the Bank will not release or impair its security interest in the Collateral or Debtor's obligations under this Agreement. The Bank's security interest in the Collateral and Debtor's obligations under this Agreement will not be released or impaired if the Bank fails to obtain, perfect, or secure priority of any other security for the Indebtedness that is agreed to be given, or is given, by anyone else. The Bank is not required to sue upon or otherwise enforce payment of the Indebtedness or any other security before exercising its rights under this Agreement.

14. Notices. Any notices or communications required or permitted under this Agreement shall be in writing and shall be deemed given when served either personally or by certified United States mail (postage prepaid), or by overnight express courier, addressed to Debtor at its respective address set forth below its signature, and to the Bank at its address set forth below its signature, or to such other place as either party shall designate by notice served upon the other party in accordance with this Paragraph. Debtor's correct legal name is set forth at the end of this Agreement. Until Bank is advised in writing by Debtor to the contrary, all notices, requests and demands required under this Agreement or by law shall be given to, or made upon, Debtor at the address indicated above. Debtor will give Bank not less than 30 days prior written notice of all contemplated changes in Debtor's name, identity, corporate structure, and/or any of its addresses, but the giving of this notice shall not cure any default caused by this change.

15. Financing Statement. A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement under the Uniform Commercial Code and may be filed by Bank in any filing office.

16. Other. This Agreement and the parties' rights and obligations under it shall be governed and interpreted in accordance with the laws of the State of Michigan, without giving effect to conflicts of law principles. This Agreement shall be binding upon and inure to the benefit of the Bank, Debtor and their respective successors and assigns. The Bank may assign this Agreement in connection with an assignment of all or any portion of the Indebtedness. Any capitalized terms not defined herein shall have the meanings assigned to them in the Loan Agreement.

IN WITNESS WHEREOF, Debtor and the Bank have executed this Security Agreement as of the date first above written.

BANK:

COMERICA BANK

By: Michael J. Van Diepenbe

1000 Campau Square Plaza  
99 Monroe Avenue, N.W.  
Grand Rapids, MI 49503

DEBTOR:

MICROFLUIDICS INTERNATIONAL CORPORATION

By: Michael A. Lento

Its: PRESIDENT

Debtor Chief Executive Office:  
30 Ossipee Road  
Newton, MA 02164-9101

Any Other Place of Business of Debtor:

a. 1400 Kalamazoo Street  
South Haven, MI 49090

b. 1600 W. Commonwealth Ave.  
Fullerton, CA 92833

Founded in 1852  
by Sidney Davy Miller

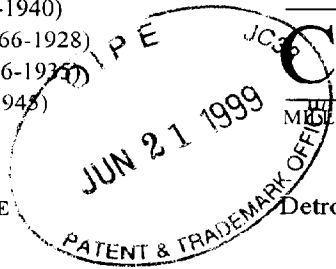
Sidney T. Miller (1864-1940)  
George L. Canfield (1866-1928)  
Lewis H. Paddock (1866-1937)  
Ferris D. Stone (1882-1943)

**MARJORY G. BASILE**  
TEL: (313) 496-7596  
FAX: (313) 496-8454  
E-MAIL: [basile@millercanfield.com](mailto:basile@millercanfield.com)

# MILLER CANFIELD

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

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Detroit, Michigan 48226 (313) 963-6420  
FAX: (313) 496-7500  
[www.millercanfield.com](http://www.millercanfield.com)



D#

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June 15, 1999

Box Assignments  
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Re: PA # U.S.S.N. 09,129,359; 851,443; 859,153  
Patent #: 4,908,154; 4,533,254; 5,570,955; 4,634,134; 4,684,072  
4,746,069; 5,620,147

Dear Commissioner:

Enclosed please find a Recordation Form Cover Sheet, an original Assignment of Trademark, and a check in the amount of \$400.00 to cover the recording fee. I am also enclosing a self-addressed stamped postcard which I request that you date stamp and return to me so that I have confirmation of your receipt of the enclosed.

Upon recordation would you please return the original assignment to:

Marjory G. Basile, Esq.  
Miller, Canfield, Paddock and Stone  
150 West Jefferson, Suite 2500  
Detroit, MI 48226

Very truly yours,

Miller, Canfield, Paddock and Stone

By Marjory G. Basile  
Marjory G. Basile

MGB/bk  
Enclosures

DELIB:2077708.1\099999-40100

RECORDED: 06/21/1999

PATENT  
REEL: 010043 FRAME: 0612