

07-29-1999

FORM PTO-1595
(Rev. 6-93)

OMB No. 0651-0011 (exp. 4/94)

RECORDED

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

101105719

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

1. Name of conveying party(les):

ProtoDyne, Inc.,
a California CorporationAdditional name(s) of conveying party(les) attached? ☐ Yes ☒ No

2. Name and address of receiving party(les)

Name: Mark R. Schwartz

Internal Address: _____

Street Address: 23665 Park SevillaCity: Calabasas State: CA ZIP: 91302Additional name(s) & address(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:

☐ Assignment☐ Merger☒ Security Agreement☐ Change of Name☐ Other _____

Execution Date: _____

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)

09/231,465

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

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

Name: Mark R. Schwartz

Internal Address: _____

Street Address: 23665 Park SevillaCity: Calabasas State: CA ZIP: 913026. Total number of applications and patents involved: 17. Total fee (37 CFR 3.41).....\$ 40.00☒ 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.

Steven J. Hamersley
Name of Person Signing[Signature]
Signature7/23/99
DateTotal number of pages including cover sheet, attachments, and document: 1Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

07/30/1999 DNGUYEN 00000339 09231465

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40.00 DP

PATENT
REEL: 010122 FRAME: 0316

SECURITY AGREEMENT FOR UNITED STATES PATENT APPLICATION

This Security Agreement for United States Patent Application ("Security Agreement"), dated as of July 23, 1999, is made by ProtoDyne, Inc., a California corporation ("ProtoDyne"), to Mark Schwartz ("Schwartz").

RECITALS

A. Fax4Free.com, Inc., a Delaware corporation ("Fax4Free") and Schwartz are parties to a Stock Purchase Agreement, of even date herewith ("Stock Purchase Agreement") and other documents which are referenced in the Stock Purchase Agreement and defined therein as the "ProtoDyne Purchase Documents". Pursuant to the terms of the ProtoDyne Purchase Documents, Fax4Free acquired all of Schwartz's shares of ProtoDyne (Schwartz's ProtoDyne Shares). A portion of the purchase price for Schwartz's ProtoDyne Shares will be paid by a promissory note ("Note"), as is described in the Stock Purchase Agreement. The ProtoDyne Purchase Documents impose certain duties and obligations on Fax4Free and ProtoDyne until the Note is timely paid in full. The Note, and all of the duties and obligations imposed on Fax4Free and ProtoDyne under the ProtoDyne Purchase Documents are collectively referred to as Indebtedness.

B. Upon the consummation of the transactions contemplated by the ProtoDyne Purchase Documents, ProtoDyne will be a wholly owned subsidiary of Fax4Free.

C. As an inducement to Schwartz to enter into the ProtoDyne Purchase Documents, ProtoDyne guaranteed payment of the Indebtedness to Schwartz pursuant to the terms of a Guaranty Agreement of even date herewith ("Guaranty").

D. The Guaranty is secured by the terms of this Security Agreement.

NOW, THEREFORE, the parties agree as follows:

1. **Grant of Security Interest.**

a. ProtoDyne hereby grants to Schwartz, as partial security for ProtoDyne's payment and performance of the Indebtedness, a security interest ("Security Interest") in and to:

(i) an undivided one-half interest in a pending United States Patent Application entitled "SYSTEM FOR, AND METHOD OF, USING THE INTERNET SYSTEM TO PROVIDE FOR THE TRANSMISSION OF A FACSIMILE MESSAGE" by inventors Barry F. Shore and Mark R. Schwartz, Patent Application Serial No. 09/231,465 filed on January 14, 1999;

(ii) any continuation, divisional, continuation-in-part, and reissue of such patent application and any patent issued thereon in the United States of America and in any foreign country of the world, including any certificate which is the equivalent of any United States patent in any foreign nation of the world; and

(iii) the proceeds and products of 1(a)(i) and 1(a)(ii), above (collectively "Collateral").

b. This Security Agreement shall be recorded in the United States Patent and Trademark Office.

2. Scope of Security Interest.

This Security Agreement also secures: (a) any and all extensions or renewals of any Indebtedness, including, but not limited to the Note; (b) the repayment of all sums, including but not limited to legal expenses, that may be advanced or incurred by Schwartz for the maintenance, protection or preservation of the Collateral, or any part thereof; and (c) any and all other expenditures and advances that may hereafter be made by Schwartz to ProtoDyne.

3. ProtoDyne's Duties.

a. Concurrently with the execution of this Security Agreement, ProtoDyne shall delivery duly executed Financing Statements (UCC-1) evidencing Schwartz's Security Interest in and to the Collateral for filing in the states of California and Delaware. ProtoDyne further agrees to execute such Financing Statements, Continuation Statements and other documents and do such other acts and things as Schwartz may from time to time require to establish and maintain a valid, perfected Security Interest in and to the Collateral. ProtoDyne shall permit Schwartz and Schwartz's representatives to inspect the records pertaining to the Collateral from time to time at any reasonable time.

b. ProtoDyne shall not sell or offer to sell or otherwise transfer all or any portion of the Collateral or any interest therein without the prior written consent of Schwartz; nor shall ProtoDyne sell, assign or create or permit to exist any lien on or security interest in the Collateral in favor of anyone other than Schwartz, except as may otherwise be provided in the ProtoDyne Purchase Documents, unless Schwartz consents thereto in writing. ProtoDyne shall, upon Schwartz's request, remove any unauthorized lien or security interest on the Collateral, and defend any claim affecting the Collateral, and ProtoDyne shall pay all charges against the Collateral, including but not limited to taxes, assessments, and encumbrances, and upon ProtoDyne's failure to do so, Schwartz may pay any such charge as he deems necessary and add the amount paid to the outstanding principal balance of the Note.

4. Default.

ProtoDyne shall be in default under this Security Agreement if:

- a. ProtoDyne fails to pay or perform any Indebtedness, any installment or any other remittances to Schwartz, whether under the Note or any other advances made by Schwartz to ProtoDyne, when due, or its entire indebtedness to Schwartz when due, at stated maturity, on accelerated maturity, or otherwise;
- b. ProtoDyne commits any breach of the Guaranty, ProtoDyne Purchase Documents, or this Security Agreement, or any present or future amendment or supplement to thereto;
- c. There is a seizure or attachment of, or a levy on all or any portion of the Collateral;
- d. ProtoDyne is dissolved, terminates its existence, does or fails to do anything that allows Indebtedness to become due before their stated maturity, or is unable to meet its debts as they mature; and/or
- e. ProtoDyne makes an assignment for the benefit of creditors or if a meeting of creditors is convened or a committee of creditors is appointed for, or any petition or proceeding for any relief under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, liquidation or dissolution law or statute now or hereinafter in effect (whether at law or in equity) is filed or commenced by or against ProtoDyne or any of its properties, or if any trustee or receiver is appointed for ProtoDyne or any such properties with respect to, or in connection with any such action.

5. Remedies.

- a. If an event of default occurs, Schwartz may, at his option and without demand first made and without notice to ProtoDyne do any one or more of the following:
 - (i). declare the Note and/or any other advances made by Schwartz to ProtoDyne, immediately due and payable without demand, presentment, protest, or notice to ProtoDyne, all of which are expressly waived;
 - (ii). proceed in the foreclosure of the Security Interest created herein and the sale of the Collateral in any manner permitted by law, or provided for herein and further enforce a reassignment of the trademark from ProtoDyne to Schwartz including the right to reassign an undivided one-half interest in the above-referenced patent application or any patent issued thereon to Mark Schwartz; and/or

(iii). enforce any one or more remedies hereunder successively or concurrently, and any such action shall not estop or prevent Schwartz from pursuing any further remedy which he may have hereunder or by law.

b. Schwartz shall have all the rights and remedies of a secured party under the Uniform Commercial Code in any jurisdiction where enforcement is sought. ProtoDyne agrees to pay all costs incurred by Schwartz in enforcing his rights under this Security Agreement, including but not limited to reasonable attorneys' fees, whether or not litigation is instituted to enforce Schwartz's rights under this Security Agreement. All rights powers and remedies of Schwartz hereunder shall be cumulative and not alternative. No delay on the part of Schwartz in the exercise of any right or remedy shall constitute a waiver thereof, and no exercise by Schwartz of any right or remedy shall preclude the exercise of any other right or remedy or further exercise of the same remedy.

c. ProtoDyne agrees to perform such acts as may be required to perfect Schwartz=s ownership of the Collateral, including, but not limited to, executing a formal assignment of copyright. Further, ProtoDyne hereby irrevocably appoints Schwartz as ProtoDyne's agents and attorney-in-fact, to act for and in ProtoDyne's behalf and instead of ProtoDyne's, to execute and file any document, and to do all other lawfully permitted acts to further the prosecution and issuance of documents of ownership, including, but not limited to copyrights, in and to the Collateral. The foregoing power of attorney shall be deemed coupled with an interest and shall be irrevocable.

6. Assignment.

ProtoDyne shall not assign its rights or duties under this Agreement without the prior written consent of Schwartz. Any purported assignment without such prior written consent, whether voluntary, involuntary, or by operation of law shall be void and of no effect. This Security Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

7. Application of Proceeds.

All moneys collected by the Schwartz upon any sale or other disposition of the Collateral through enforcement, realization hereunder or otherwise, together with all other moneys received by Schwartz hereunder in respect of the Collateral, shall first be applied to the payment of all costs and expenses incurred by the Schwartz in connection with such sale or disposition, the delivery of the Collateral or the collection of any such moneys (including, without limitation, reasonable attorneys' fees and expenses), and the balance of such moneys shall be applied by the Schwartz to satisfy the Indebtedness.

8. Termination of Security Agreement.

This Security Agreement shall terminate upon the payment in full of all of the Indebtedness, and of all additional costs and expenses of the Schwartz as provided herein.

9. Notices.

All notices and other communications required or permitted hereunder must be in writing and will be deemed given when: (a) delivered personally, (b) sent by telecopy, receipt confirmed, (c) sent by commercial overnight courier with written verification of receipt, or (d) sent by registered or certified mail, postage prepaid, in each case to the receiving party's mailing address that the receiving party may have provided for purposes of receiving notice.

10. Miscellaneous.

a. The Recitals set forth above are incorporated herein by this reference.

b. This Security Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

c. This Security Agreement and all amendments and supplements hereto may be signed in counterparts and shall be construed as one agreement. The captions by which the paragraphs of this Security Agreement are identified and the captions under which certain subject matter is placed are for convenience only and shall have no effect upon the interpretation of this Security Agreement. This Security Agreement shall be construed without regard to any presumption or other rule requiring construction against the parties causing this Security Agreement to be drafted.

d. No waiver of any provision of this Security Agreement or any breach thereof shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) or any other breach hereunder nor shall such waiver constitute a continuing waiver. Any party may waive performance of any provision of this Security Agreement, the non-performance of which would otherwise constitute a breach of this Security Agreement, including but not limited to the non-performance of any condition precedent to such party's performance, without affecting the enforceability of this Security Agreement and provisions contained herein.

e. The parties agree that they shall execute and deliver to the other parties, all such further instruments and take all such further action as may be reasonably necessary or appropriate in order to confirm or carry out the provisions of this Security Agreement.

f. If any term, provision, covenant or restriction contained in this Security Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the

remainder of the terms, provisions, covenants or restrictions of this Security Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

g. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California.

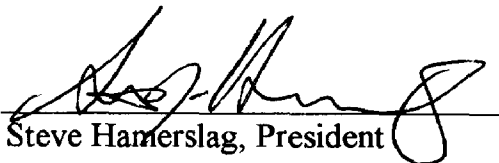
h. If any party commences any suit or action, including but not limited to any arbitration, arising out of or connected with this Security Agreement then the prevailing party shall recover his or its reasonable attorneys' fees from the non-prevailing party in addition to any other relief awarded to the prevailing party.

i. The undersigned officer or other signatory of ProtoDyne represents and warrants to Schwartz that he has full power and authority to execute this Security Agreement on behalf of ProtoDyne.

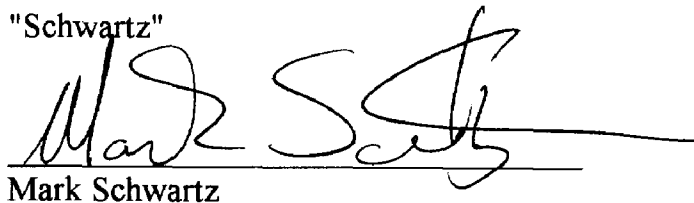
IN WITNESS WHEREOF, the parties have executed this Security Agreement which shall be effective as of the date first set forth above.

"ProtoDyne"

ProtoDyne, Inc.,
a California corporation

By: 
Steve Hamerslag, President

"Schwartz"


Mark Schwartz