

05-01-2000



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OPR/CHANDS

RECORDATION FORM COVER SHEET
PATENTS ONLY

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

- Name (line 1)
- Name (line 2)
- Second Party**
- Name (line 1)
- Name (line 2)

Execution Date
Month Day Year
01 28 00

Execution Date
Month Day Year

Receiving Party

Mark if additional names of receiving parties attached

- Name (line 1)
- Name (line 2)
- Address (line 1)
- Address (line 2)
- Address (line 3)

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)

FOR OFFICE USE ONLY

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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

PATENT
REEL: 010731 FRAME: 0183

Correspondent Name and Address Area Code and Telephone Number (216) 479-8390

Name Beth A. Campbell

Address (line 1) Squire, Sanders & Dempsey L.L.P.

Address (line 2) 4900 Key Tower

Address (line 3) 127 Public Square

Address (line 4) Cleveland, OH 44114

Pages Enter the total number of pages of the attached conveyance document including any attachments. # 8

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)		
08/969,052			5,577,595	5,255,773	
08/881,914			5,551,555	4,583,637	
			5,366,063		

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

Number of Properties Enter the total number of properties involved. # 7

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$ 280.00

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.

Beth A. Campbell
Name of Person Signing

Beth A. Campbell
Signature

4/5/00
Date

RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY

Conveying Party(ies)

Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1)	
Name (line 2)	
Name (line 1)	
Name (line 2)	
Name (line 1)	
Name (line 2)	

Execution Date
Month Day Year

Execution Date
Month Day Year

Execution Date
Month Day Year

Receiving Party(ies)

Mark if additional names of receiving parties attached

Enter additional Receiving Party(ies)

Name (line 1)		
Name (line 2)		
Address (line 1)		
Address (line 2)		
Address (line 3)		
City	State/Country	Zip Code
Name (line 1)		
Name (line 2)		
Address (line 1)		
Address (line 2)		
Address (line 3)		
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.)

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.)

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)		

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Security Agreement") is made and entered into as of this 28th day of January, 2000, by and between DILLIN ENGINEERED SYSTEMS CORP., an Ohio corporation having an office at 8030 Broadstone Road, Perrysburg, Ohio 43551 (the "Debtor"), and THE HUNTINGTON NATIONAL BANK, a national association, having an office at 300 Edison Plaza, Cleveland, Ohio 43604, Attention: Corporate Banking (the "Secured Party").

RECITALS:

A. Pursuant and subject to the terms of a certain Assumption of Debt and Amended and Restated Credit and Security Agreement (hereinafter, as it may from time to time be amended and supplemented, the "Credit Agreement"), of even date herewith by and among the Debtor and the Secured Party, the Secured Party has agreed to loan or extend credit to the Debtor up to, in the aggregate, One Million Six Hundred Thousand Dollars (\$1,600,00.00) as a revolving credit and term loan facility (such facility and the Revolving Loans, the Term Loan and other credit to be extended thereunder, together with all replacements, substitutions, modifications and extensions thereof, shall hereinafter be collectively referred to as the "Loans").

B. One of the conditions precedent to the Secured Party's obligation to make the Loans available is that the Debtor provide security for all of the Debtor's obligations, indebtedness and liabilities under the Credit Agreement and the Other Agreements, and the Debtor is willing to do so.

C. All capitalized terms not otherwise defined in this Security Agreement shall have the meanings assigned to them in the Credit Agreement.

AGREEMENTS:

In consideration of the foregoing Recitals, and of the promises made herein, and of the Loans made or to be made by the Secured Party, the proceeds of which will be used to the material economic benefit of the Debtor, the Debtor and the Secured Party agree as follows:

1. INCORPORATION OF CREDIT AGREEMENT. The Credit Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference.

2. SECURITY INTEREST IN PATENTS, TRADEMARKS, ETC. The Debtor hereby grants to the Secured Party a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with (upon and during the continuance of an Event of Default) power of sale to the extent permitted by applicable law, all of the Debtor's right, title and interest in all U.S. and foreign patents, trademarks, trade names, service marks, patent applications, trademark applications, trade name applications and service mark applications and the inventions and improvements described and claimed in the patents and patent applications (together with the items described in Clauses (a) through (d), below, the "Proprietary Collateral"), whether now owned or existing and filed or hereafter acquired or arising and filed, including, without limitation, the Proprietary Collateral listed on Exhibit A attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations in part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world.

**PATENT
REEL: 010731 FRAME: 0186**

3. OBLIGATIONS AND LIABILITIES SECURED. The security interests of the Secured Party under this Security Agreement secure (a) the full and prompt performance and observance of all of the terms, conditions and agreements contained in the Credit Agreement and the Other Agreements, including, without limitation, the Liabilities to be performed or observed by the Debtor, (b) the punctual full payment of the principal of and interest on the Notes in accordance with the terms and provisions of the Notes (including interest accruing under the Notes after the commencement of any case or proceeding under any state or federal bankruptcy, insolvency or similar law [a "Proceeding"] to the extent that a claim for such interest is allowable in such a Proceeding ["Post-Petition Interest"]), (c) the performance and observance of the terms, conditions and agreements hereinafter contained, (d) the full performance and observance of all of the other terms, conditions and agreements contained in all of the other Other Agreements, and (e) any and all other indebtedness of the Debtor to the Secured Party, including Post-Petition Interest (all of which are referred to herein collectively as the "Secured Obligations").

4. NEW PATENTS, TRADEMARKS, ETC. If, prior to the termination of this Security Agreement, the Debtor shall (a) obtain rights to any new patentable inventions, (b) become entitled to the benefit of any patent, trademark, trade name, service mark, patent application, trademark application, service mark application, license or any reissue, division, continuation, renewal, extension or continuation in part of any of the same or any improvement on any of the same, the provisions of Paragraph 2. above, shall automatically apply thereto and such patents, trademarks, trade names, service marks, patent applications, trademark applications, service mark applications, licenses, etc. shall automatically become Proprietary Collateral hereunder and shall be subject to the security interests described herein. The Debtor shall give to the Secured Party written notice of the events described in clauses (a) and (b) of the preceding sentence on a quarterly basis. The Debtor hereby authorizes the Secured Party to modify this Security Agreement by amending Exhibit A to include any future patents, trademarks, trade names, service marks, patent applications, trademark applications, service mark applications and the Debtor agrees to execute any agreements, documents or instruments reasonably requested by the Secured Party to effectuate such amendment.

5. ROYALTIES TERM. The Debtor hereby agrees that the use by the Secured Party of the Proprietary Collateral as authorized hereunder shall be co-extensive with the Debtor's rights thereunder and in respect thereof and without any liability for royalties or other related charges from the Secured Party to the Debtor. The term of the security interest granted herein shall extend until the earlier of (a) the expiration or termination of each item of Proprietary Collateral assigned hereunder, or (b) the date on which all "Collateral" (as defined in the Credit Agreement) has been released pursuant to the terms of the Credit Agreement and the Related Writings.

6. TERMINATION OF SECURITY INTEREST. This Security Agreement is made for collateral security purposes only. Upon release of all of the Collateral pursuant to the provisions of the Credit Agreement, this Security Agreement shall terminate, and the Secured Party shall promptly execute and deliver to the Debtor, at the Debtor's expense, all termination statements and other instruments as may be necessary or proper to terminate the Secured Party's security interest in the Proprietary Collateral subject to any disposition thereof which may have been made by the Secured Party pursuant to this Security Agreement, the Credit Agreement or any of the Other Agreements.

7. DUTIES OF THE DEBTOR. The Debtor shall have the duty (a) to prosecute diligently any patent application, trademark application and service mark applications that are part of the patents, trademarks or service marks pending as of the date hereof and thereafter until the termination of this Security Agreement; (b) to make application on unpatented but patentable inventions, as the Debtor deems appropriate; (c) to take reasonable steps to preserve and maintain all of the Debtor's rights in any material Proprietary Collateral, including, without limitation, as

appropriate, the use in interstate commerce, the timely payment of fees and the making of filings; and (d) not to divest itself of any right under any Proprietary Collateral. Any expense incurred in connection with the foregoing shall be borne by the Debtor. The Debtor shall not abandon any material pending patent application, trademark application, service mark application or patent, trademark, trade name or service mark encumbered hereby without the prior written consent of the Secured Party.

8. **INFRINGEMENT.** The Debtor represents and warrants to the Secured Party that the Debtor owns and possesses, and will own or possess continuously throughout the term of this Security Agreement, the valid right to use the Proprietary Collateral, without any known conflict with the rights of others, and (except as disclosed in the Credit Agreement) no litigation or proceeding is pending, or, to the best knowledge of the Debtor, threatened against the Debtor, which might, if successful, adversely affect the Debtor's interest in the Proprietary Collateral in any material respect.

9. **ADDITIONAL REPRESENTATIONS AND WARRANTIES.** The Debtor represents and warrants that it is the true and lawful owner or licensee of the Proprietary Collateral listed in the Exhibits attached hereto and that, to the Debtor's knowledge, said listed Proprietary Collateral constitute all the patents and applications therefor, trademarks, service marks and other Proprietary Collateral registered in the United States Patent and Trademark Office that the Debtor now owns or uses in connection with its business.

10. **WAIVERS.** No course of dealing between the Debtor and the Secured Party, and no failure to exercise or delay in exercising on the part of the Secured Party any right, power or privilege hereunder, under the Credit Agreement or any of the Other Agreements, shall operate as a waiver of any of the Secured Party's rights, powers or privileges. No single or partial exercise of any right, power or privilege hereunder, under the Credit Agreement or under any Other Agreements shall preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

11. **SECURED PARTY'S EXERCISE OF RIGHTS AND REMEDIES UPON AN EVENT OF DEFAULT.**

(a) An "Event of Default" under this Security Agreement shall be deemed to exist if there shall exist and be continuing any event, condition or thing which constitutes an Event of Default under the Credit Agreement, including, without limitation, the Debtor's default in the timely performance of all of its obligations and covenants hereunder.

(b) Upon and during the continuance of an Event of Default, the Secured Party may (to the extent permitted by law) exercise any and all rights and remedies provided in this Security Agreement, the Credit Agreement, the Other Agreements, at law and in equity. In connection therewith, the Secured Party shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the patents, trademarks or service marks secured hereby and, if the Secured Party shall commence any such suit, the Debtor shall, at the request of the Secured Party, do any and all lawful acts and execute any and all proper documents required by the Secured Party in aid of such enforcement. The Debtor shall, upon demand, promptly reimburse the Secured Party for all costs and other expenses including, without limitation, attorneys' fees and expenses, incurred by the Secured Party in the exercise of its rights under this paragraph.

(c) Without limiting the generality of subparagraph (b), above, if an Event of Default shall occur and be continuing, the Secured Party may by written notice to the Debtor take any or all of the following actions: (i) declare the entire right, title and interest of the Debtor in each of the patents, copyrights, trademarks and other Proprietary Collateral vested, in which event such right, title and

interest shall immediately vest in the Secured Party, in which case the Debtor agrees to execute an assignment in form and substance reasonably satisfactory to the Secured Party or all its right, title, and interest to such Proprietary Collateral to the Secured Party; (ii) take and practice, use or sell the Proprietary Collateral; and (iii) direct the Debtor to refrain, in which event the Debtor shall refrain, from using or practicing the Proprietary Collateral directly or indirectly, and the Debtor shall execute such other and further documents as the Secured Party may request further to confirm this and to transfer ownership of the Proprietary Collateral to the Secured Party.

12. **SEVERABILITY.** The provisions of this Security 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 Security Agreement in any jurisdiction.

13. **MODIFICATION.** This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 4 hereof or by a writing signed by the parties hereto.

14. **CUMULATIVE REMEDIES; POWER OF ATTORNEY.** All of the Secured Party's rights and remedies in respect of the Proprietary Collateral whether established hereby, by the Credit Agreement, by any of the Other Agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Upon and during the continuance of an Event of Default, the Debtor hereby constitutes and appoints the Secured Party its true and lawful attorney, with full power of substitution, with power to (a) endorse the Debtor's name on all applications, documents, papers and instruments necessary or desirable for the Secured Party in the use of the Proprietary Collateral, (b) take any other actions in respect of the Proprietary Collateral as the Secured Party deems in the best interest of the Secured Party, (c) grant or issue any exclusive or non-exclusive license under the Proprietary Collateral to anyone, or (d) assign, pledge, convey or otherwise transfer title in or dispose of the Proprietary Collateral to anyone. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all of the "Collateral" (as such term is defined and used in the Credit Agreement) shall have been released pursuant to the terms of the Credit Agreement. The Debtor hereby acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of the Secured Party under the Credit Agreement or any of the Other Agreements, but rather is intended to facilitate the exercise of such rights and remedies. The Secured Party shall have, in addition to all other rights and remedies given to it by the terms of this Security Agreement, all rights and remedies allowed by law and all rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Proprietary Collateral may be located or deemed located.

15. **BINDING EFFECT; BENEFITS.** This Security Agreement shall be binding upon the Debtor and its successors and assigns, and shall inure to the benefit of the Secured Party and its nominees, successors and assigns. The Debtor's successors and assigns shall include, without limitation, a Subsidiary, a receiver, trustee or debtor-in-possession of or for the Debtor.

16. **GOVERNING LAW.** This Security Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

17. **NOTICES.** All notices or other communications hereunder shall be given in the manner and to the addresses set forth in Section 9.11 of the Credit Agreement.

18. SECURED PARTY'S DUTY. The Secured Party shall have no duty in respect of the Proprietary Collateral. Without limiting the generality of the foregoing, the Secured Party shall be under no obligation to take any steps necessary to preserve rights in the Proprietary Collateral against any other parties, but (upon and during the continuance of an Event of Default) may do so at its option, and all expenses incurred in connection therewith shall be for the sole account of the Debtor and added to the Secured Obligations secured hereby.

19. SECTION HEADINGS. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

20. JURY TRIAL WAIVER. THE DEBTOR AND THE SECURED PARTY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE DEBTOR AND THE SECURED PARTY, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY NOTE, GUARANTY OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, WITH THE CREDIT AGREEMENT OR WITH THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

THE HUNTINGTON NATIONAL BANK

By: Richard R. Brown

Name: Richard R. Brown

Its: Vice President

DILLIN ENGINEERED SYSTEMS CORP

By: David A. Smith

Name: David A. Smith

Its: Treasurer

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

Sucas

The foregoing Security Agreement was executed and acknowledged before me this 30 day of March, 2000, by RICHARD R. BROWN, personally known to me to be a V.P. of The Huntington National Bank, on behalf of such bank.

Boyan S. McJowan
NOTARY PUBLIC

STATE OF OHIO *Iowa*)
) SS:
COUNTY OF CUYAHOGA)
POLK

The foregoing Security Agreement was executed and acknowledged before me this 17 day of March, 2000, by David A Smith, personally known to me to be the Treasurer of Dillin Engineered Systems Corp., an Ohio corporation, on behalf of such corporation.

Wendy E. Schaefer
NOTARY PUBLIC

EXHIBIT A

SCHEDULE OF PROPRIETARY COLLATERAL

Schedule of Patents

Attached to and Forming a Part of Exhibit A to the
Patent and Trademark Security Agreement
between The Huntington National Bank, as Secured Party and
Dillin Engineered Systems Corp., as Debtor

Patents

<u>Patent No.</u>	<u>Issue Date</u>	<u>Description</u>
5,577,595	November 26, 1996	Accumulator for Conveyor System
5,551,555	September 3, 1996	Guide System for Packages on a Conveyor System
5,366,063	November 22, 1994	Accumulator for Conveyor System
5,255,773	October 26, 1993	Accumulator for Conveyor System
4,583,637	April 22, 1986	Conveying Apparatus

Patent Applications

<u>Application No.</u>	<u>File Date</u>	<u>Description</u>
08/969,052	November 12, 1997	Transfer System for a Conveyor
08/881,914	June 25, 1997	Guide System for Packages on a Curved Conveyor

**PATENT
REEL: 010731 FRAME: 0192**

Schedule of Trademarks

Attached to and Forming a Part of Exhibit A to the
Patent and Trademark Security Agreement
between The Huntington National Bank, as Secured Party and
Dillin Engineered Systems Corp., as Debtor

Trademarks

<u>Registration No.</u>	<u>Issue Date</u>	<u>Mark</u>
2,207,674	December 1, 1998	ROEFLEX
2,206,016	November 24, 1998	RWAVE
1,904,104	July 11, 1995	OVER-THE-TOP
1,861,627	November 8, 1994	ROE-LIFT
1,823,426	February 22, 1994	SIM-OPTIMA

Trademark Applications

<u>Application No.</u>	<u>File Date</u>	<u>Mark</u>
75-769,336	August 5, 1999	SOFT TOUCH
75-768,224	August 5, 1999	QUICKSET
75-233,853	January 30, 1997	SNAP SHOT

RECORDED: 04/05/2000

PATENT
REEL: 010731 FRAME: 0193