

4/19/00

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FORM PTO-1619A
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
PATENT



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OPR/FINANCE

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) ADS Acquisitions, Inc. Execution Date 01/14/2000
Month Day Year

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) Finova Capital Corporation

Name (line 2) _____

Address (line 1) 355 South Grand Avenue

Address (line 2) Suite 2400

Address (line 3) Los Angeles California 90071
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) _____

FOR OFFICE USE ONLY

05/12/2000 JSWABAZZ 00000001 06955254

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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: 010766 FRAME: 0616

Correspondent Name and Address

Area Code and Telephone Number (310) 788-4400

Name DeAnne H. Ozaki

Address (line 1) Katten Muchin Zavis

Address (line 2) 1999 Avenue of the Stars

Address (line 3) Suite 1400

Address (line 4) Los Angeles, California 90067

Pages

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

18

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)

08/955,254

5,701,359

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.

2

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ 80.00

Method of Payment:
Deposit Account

Enclosed Deposit Account

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

Deposit Account Number:

500883

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.

DeAnne H. Ozaki

April 19, 2000

Name of Person Signing

Signature

Date

**COLLATERAL ASSIGNMENT OF TRADEMARKS,
LICENSES AND PATENTS
AND SECURITY AGREEMENT**

THIS COLLATERAL ASSIGNMENT OF TRADEMARKS, LICENSES AND PATENTS AND SECURITY AGREEMENT ("Assignment") is made as of the 14th day of January, 2000, by ADS TECHNOLOGIES, INC., a Delaware corporation ("ADS Technologies"), ADS ACQUISITIONS, INC., an Arizona corporation, ORION INDUSTRIES, INC., an Arizona corporation and ANALOG AND DIGITAL SYSTEMS, INC., a Massachusetts corporation, having their chief executive office at 9235 South McKemy Street, Tempe, Arizona 85284 (together with ADS Technologies and collectively, "Debtor"), for the benefit of FINOVA CAPITAL CORPORATION, a Delaware corporation, having its principal place of business at 355 South Grand Avenue, Suite 2400, Los Angeles, California 90071 (the "Secured Party").

WITNESSETH:

WHEREAS, concurrent with the execution of this Assignment, ADS Technologies will acquire all of the issued and outstanding shares of stock of ADS Acquisitions, Inc. ("Acquisitions") and, in connection therewith, Debtors will assume certain obligations of Acquisitions to FINOVA and will execute a Secured Promissory Note in favor of Secured Party in the amount of 1,737,069.65 and a Security Agreement each of even date herewith. The Security Agreement provides, among other things, for the grant by Debtors to Secured Party of a security interest in the Trademarks, Licenses and Patents (as defined below);

WHEREAS, Secured Party has entered into that certain Subordination Agreement ("Subordination Agreement") of even date herewith with Wells Fargo Bank, Debtors' senior lender;

NOW, THEREFORE in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Debtors agree as follows:

1. **Incorporation of Recitals and Defined Terms.** The foregoing Recitals are incorporated herein and made a substantive part of this Assignment. Capitalized terms used in this Assignment and not otherwise defined herein shall have the meanings ascribed to such terms in the Security Agreement. All references herein to "trademarks" shall include "service marks" as well.

2. **Collateral Assignment of Trademarks, Licenses and Patents.** To secure the complete and timely satisfaction of all of Debtors' Obligations, Debtors hereby grant to Secured Party, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by law upon the occurrence of an Event of Default, all of Debtors' right, title and interest in and to the following assets:

(a) trademarks, trademark registrations, trade names, trade name registrations, and trademark or trade name applications, including without limitation such as are listed on Schedule A, attached hereto and made a part hereof, as the same may be amended from time to time, but excluding trademark registration applications pending under the

intent-to-use provisions of U.S.C. § 1051(b) until such time as an amendment to allege use or declaration and statement of use has been filed, together with (i) renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, (iv) all rights corresponding thereto throughout the world, and (v) the goodwill of the business operated by Debtors connected with and symbolized by any trademarks or trade names (all of the foregoing trademarks, trademark registrations, trade names, trade name registrations, and applications, together with the items described in clauses (i) - (v), are sometimes herein individually and/or collectively referred to as the "Trademarks");

(b) license agreements, including without limitation such as are listed on Schedule B, attached hereto and made a part hereof (but excluding any software licenses to Debtors which by their terms are not assignable or which may not be sublicensed), and the right to prepare for sale, sell, and advertise for sale any inventory now or hereafter owned by Debtors and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses");

(c) patents and patent applications, registered or pending, including without limitation such as are listed on Schedule C, attached hereto, together with all income, royalties, shop rights, damages and payments thereto, the right to sue for infringements thereof, and all rights thereto throughout the world and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof (all of the foregoing are sometimes herein individually and/or collectively referred to as the "Patents").

3. **Subordination Agreement** Secured Party hereby acknowledges and agrees that pursuant to the Subordination Agreement, Secured Party's interests under this Agreement are subordinate to the security interests of Wells Fargo Bank and the rights, interests and benefits of Secured Party hereunder and under the documents and instruments evidencing or securing the Obligations and are subject to and are modified by the terms and conditions of the Subordination Agreement.

4. **Representations and Warranties**. Debtors represent and warrant that:

(a) To the best of Debtors' knowledge, the Trademarks, Licenses and Patents are valid, subsisting, and enforceable, and none of the Trademarks, Licenses, or Patents have been adjudged invalid or unenforceable in whole or in part;

(b) No claim has been made that the use of the Trademarks, Licenses or Patents violates or may violate the rights of any third person; and

(c) Debtors are the sole and exclusive owners of the entire and unencumbered right, title and interest in and to each of the Trademarks, Licenses and Patents, free and clear of any liens, charges and encumbrances including without limitation pledges, assignments, licenses, registered-user agreements, shop rights and covenants by Debtors not to sue third persons, except as disclosed in Schedule D attached hereto, and except to

the extent such rights, title and interests with respect to the Trademarks, Licenses and Patents relating to Phaze Audio, LLC were not transferred to ADS Acquisitions, Inc. in that certain Secured Party's Bill of Sale dated December 29, 1999.

5. **Subsequent Trademarks and Patents.** If, before Debtors' Obligations have been satisfied in full, Debtors shall obtain rights to any other patents or new patentable inventions, trademarks or trade names with respect to which Debtors, in the exercise of its reasonable business judgment after taking into account the benefits to be obtained from protecting its rights therein and the costs associated therewith, submits registrations thereof or applications or licenses therefor, the provisions of this Assignment shall automatically apply thereto, Debtors shall be deemed to have granted and does hereby grant to Secured Party a first mortgage and security interest therein to secure the complete and timely satisfaction of all of Debtors' Obligations, and Debtors shall give Secured Party prompt written notice thereof.

6. **Conditional License Back to Debtors; Restrictions on Future Agreements.** It is the intention of the parties that this Assignment be construed as a security agreement creating in favor of Secured Party a lien on the Trademarks, Licenses and Patents, and not as an absolute present assignment of all right, title and interest in and to the Trademarks, Licenses and Patents to Secured Party. If, however, this Assignment were at any time interpreted to constitute a present and absolute assignment of the Trademarks, Licenses and Patents to Secured Party, it is the desire of the parties hereto that Secured Party grant a license to Debtors in the Trademarks, Licenses and Patents so assigned, subject to the limitations set forth in this Section 5. Unless and until there shall have occurred and be continuing an Event of Default, Secured Party hereby grants to Debtors, subject to the provisions of Section 6 hereof, the exclusive, nontransferable right and license, subject to exceptions disclosed in Schedule D attached hereto, for Debtors' own benefit and account and none other, to (a) use the Trademarks on and in connection with products sold by Debtors, and to (b) make, have made for it, use and sell the inventions disclosed and claimed in the Patents. If any Event of Default shall have occurred and be continuing, Debtors' license under the Trademarks and Patents as set forth above shall terminate (unless an extension shall be consented to by Secured Party) and Secured Party shall have all of the rights and remedies described herein and in the Note and Security Agreement. Debtors agree that until Debtors' Obligations shall have been satisfied in full and the security interest granted hereby has been released, Debtors will not, without Secured Party's prior written consent, enter into any agreement (for example, a license agreement) which is inconsistent with Debtors' obligations under this Assignment, and Debtors further agree that it will not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which would affect the validity or enforceability of the rights transferred to Secured Party under this Assignment.

7. **Secured Party's Right to Inspect.** Secured Party shall have the rights, at any time during Debtors' regular business hours upon reasonable notice and from time to time, to inspect Debtors' premises and to examine Debtors' books, records and operations, including, without limitation, Debtors' quality control processes. From and after the occurrence of an Event of Default and the giving by Secured Party of written notice to Debtors of Secured Party's intention to enforce its rights and claims against any of the Trademarks, Licenses and Patents, Debtors agree that Secured Party, or a conservator appointed by Secured Party, shall have the

right to establish such additional product quality controls as Secured Party, or said conservator, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold by Debtors under the Trademarks. For so long as this Assignment is in effect, Debtors agree (a) not to sell or assign its interest in, or grant any license under, the Trademarks, Licenses or Patents, without the prior written consent of Secured Party; (b) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of said products as of the date hereof; (c) not to change the quality of said products without Secured Party's express written consent; and (d) to provide Secured Party, at least quarterly, with a certificate of the chairman or vice chairman of the board or president or chairman of the executive committee of Debtors certifying Debtors' compliance with the foregoing.

8. **Termination of Secured Party's Security Interest.** This Assignment is made for collateral purposes only. Upon payment and performance in full of the Debtors' Obligations and release of the security interests granted to Secured Party by Debtors hereunder, Secured Party shall execute and deliver to Debtors all assignments, termination statements and other instruments as may be necessary or proper to terminate Secured Party's security interest in the Trademarks, Licenses and Patents, subject to any disposition thereof which may have been made by Secured Party pursuant hereto, or pursuant to the Security Agreement.

9. **Duties of Debtors.** Debtors shall have the duty (a) to observe all covenants concerning Trademarks, Patents and Licenses contained in the Security Agreement, (b) to prosecute diligently, consistent with sound business judgment and practices, any trademark application or patent application which is part of the Trademarks or Patents respectively, pending as of the date hereof or thereafter until the Debtors' Obligations shall have been paid and performed in full, and (c) to preserve and maintain, consistent with sound business judgment and practices, all rights in trademarks, trade names, patents, and trademark, trade name and patent applications and registrations which are part of the Trademarks and Patents. In addition to the foregoing, at any time when there exists an Event of Default, upon the request of Secured Party, Debtors agree to execute such documents and instruments as are necessary or appropriate to effectuate an absolute, present assignment of the Trademark, Licenses and Patents to Secured Party. Any expenses or filing fees incurred in connection with such applications or the maintenance of the Trademarks and Patents, or in connection with any assignments thereof, shall be borne by Debtors. Debtors shall not abandon any right to file an application with respect to potential new patents, trademarks or trade names unless Debtors, in the exercise of its reasonable business judgment, has determined that the benefits to be obtained from protecting such rights are not reasonably likely to exceed the costs associated with pursuing such protection. In the event Debtors determine that the benefits to be obtained from protecting such rights justify the costs associated therewith and submits an application with respect to a new trademark, trade name or patent, then Debtors shall not abandon such pending application, trademark, trade name, or patent without the consent of Secured Party, which consent shall not be unreasonably withheld.

10. **Secured Party's Right to Sue.** From and after the occurrence of an Event of Default and the giving by Secured Party of written notice to Debtors of Secured Party's intention to enforce its rights and claims against any of the Trademarks, Licenses and Patents, Secured Party shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Licenses, Trademarks or Patents, and any licenses thereunder, and, if Secured Party

shall commence any such suit, Debtors shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement, and Debtors shall promptly, upon demand, reimburse and indemnify Secured Party for all costs and expenses incurred by Secured Party in the exercise of its rights under this Section 9.

11. **Waivers.** No course of dealing between Debtors and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Security Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. **Severability.** The provisions of this Assignment are severable, and if any clause or provisions 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 provisions, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provisions in any other jurisdiction, or any other clause or provision of this Assignment in any jurisdiction.

13. **Modification.** This Assignment cannot be altered, amended or modified in any way, except by a writing signed by the parties hereto.

14. **Cumulative Remedies; Power of Attorney.** All of Secured Party's rights and remedies with respect to the Trademarks, Licenses and Patents, whether established by this Assignment, by the Loan Agreement, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Debtors hereby authorize Secured Party to make, constitute and appoint any officer or agent of Secured Party as Secured Party may select, in its sole discretion, as Debtors' true and lawful attorney-in-fact, with power (a) at any time, to (i) endorse Debtors' name on all applications, documents, papers and instruments necessary or desirable for the Secured Party in the use of the Trademarks, Licenses or Patents, or (ii) take any other actions with respect to the Trademarks, Licenses or Patents as the Secured Party deems in the best interest of the Secured Party, and (b) from and after the occurrence of an Event of Default and the giving by Secured Party of written notice to Debtors of Secured Party's intention to enforce its rights and claims against any of the Trademarks, Licenses or Patents, to (i) grant or issue any exclusive or nonexclusive license under the Trademarks or Patents to anyone, or (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks, Licenses or Patents to anyone. Secured Party hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Debtors' Obligations shall have been paid and performed in full or the security interests granted to Secured Party by this Assignment have been released. Debtors acknowledge and agree that this Assignment is not intended to limit or restrict in any way the rights and remedies of Secured Party under the Security Agreement, but rather is intended to facilitate the exercise of such rights and remedies. Secured Party shall have, in addition to all other rights and remedies given it by the terms of this Assignment, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks, Licenses or Patents may be located

15. **Binding Effect; Benefits.** This Assignment shall be binding upon the Debtors and its respective successors and permitted assigns and shall inure to the benefit of Secured Party, its nominees and assigns.

16. **Governing Law.** This Assignment shall be deemed to have been executed and delivered in Phoenix, Arizona, and shall be governed by and construed in accordance with the internal laws (as opposed to conflicts of law provisions) of the State of Arizona.

17. **Counterparts; Facsimile Execution.** This Assignment may be executed in any number of separate counterparts, all of which, when taken together, shall constitute one and the same instrument, admissible into evidence, notwithstanding the fact that all parties did not sign the same counterpart. Delivery of an executed counterpart of this Assignment by telefacsimile shall be equally as effective as delivery of a manually executed counterpart hereof. Any party delivering an executed counterpart of this Assignment by telefacsimile shall also deliver a manually executed counterpart hereof, but the failure to deliver a manually executed counterpart hereof shall not affect the validity, enforceability, and binding effect of this Assignment.

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

Debtors:

WITNESS:

ADS TECHNOLOGIES, INC., a Delaware corporation

Name:

Kurien Jacob
President

By:
Name:
Title:

ADS ACQUISITIONS, INC., an Arizona corporation

Kurien Jacob
President

By:
Name:
Title:

ORION INDUSTRIES, INC., an Arizona corporation

Kurien Jacob
President

By:
Name:
Title:

ANALOG AND DIGITAL SYSTEMS, INC., a Massachusetts corporation

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

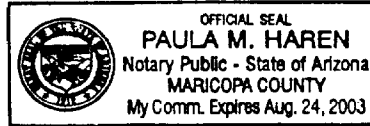
On this the 14th day of January, 2000, before me, Paula M. Haren, the undersigned officer, personally appeared Guirey Scott who acknowledged himself/herself to be an officer of ADS Technology, a(n) Delaware corporation and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as the officer.

In witness whereof I hereunto set my hand and official seal.

Paula M. Haren
Notary Public

My commission expires:

Aug 24, 2003



SCHEDULE A
INTELLECTUAL PROPERTY SCHEDULE
ARIZONA TRADEMARKS

<u>Name</u>	<u>Registration No.</u>	<u>Date of Registration</u>	<u>Status</u>
<u>PPI</u>			
Precision Power & Design	26,782	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,783	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,784	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,785	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,786	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,787	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,788	November 4, 1988	Renewed 10/29/98
Precision Power & Design	26,789	November 4, 1988	Renewed 10/29/98
<u>ORION</u>			
Orion	29,294		
Xtreme Series Loudspeakers	29,293		
Orion and Design	29,292		
Orion and Design	27,587		

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ARIZONA TRADENAMES

<u>Name</u>	<u>Registration No.</u>	<u>Date of Registration</u>	<u>Status</u>
Precision Power Inc.	135832	October 19, 1994	Renewable 10/19/99

U.S. TRADEMARKS

<u>Name</u>	<u>Registration No.</u>	<u>Date of Registration</u>	<u>Status</u>
<u>PPI</u> DESIGN LOGO	1,578,706	January 23, 1990	Renewable 07/23/99
POWERCLASS	2,154,226	April 28, 1998	Renewable 10/28/97
<u>ORION</u>			
Orion Team	1,918,036		
Xtreme			
XTR	1,856,699		
Xtreme	1,848,616		
Design Only	1,844,241		
Silencer	1,841,845		
Solus	1,811,568		
Cobalt	1,769,823	May 11, 1993	Expires May, 2003
Xtreme	1,769,819	May 11, 1993	Expires May, 2003
Orion	No Req: Serial 74- 260,632 Suspended 06/11/93	N/A	N/A
The Hott Set-Up	1,595,043	May 8, 1990	Expires May, 2000
Rion	Serial No. 75-085,825	N/A	N/A
Wired	Serial No. 75-085-725		
Rion	Serial No.		

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	74-482-684
	Abandoned
SCINTILLA	1,339,028
a/d/s (stylized)	1,560,581
ADS	1,231,758

FOREIGN TRADEMARKS

<u>Name</u>	<u>App./Reg.No.</u>	<u>Date of App./Reg.</u>	<u>Country</u>
PRECISION POWER	94/10906	November 23, 1994	Malaysia
"DESIGN MARK"	94/10907	November 23, 1994	Malaysia
PRECISION POWER	33/4941	May 30, 1997	Japan
DESIGN MARK	5-109578	October 31, 1994	Japan
PRECISION POWER	2907645	June 8, 1995	Germany
DESIGN MARK	2907644	June 8, 1995	Germany
PRECISION POWER	9411/94	October 28, 1994	Singapore
DESIGN MARK	9412/94	October 28, 1994	Singapore
Precision Power & Design	376797	September 30, 1997	Korea
PRESICION POWER	94-43499	October 28, 1994	Korea
DESIGN MARK	332704	January 29, 1996	Korea
PPI & DESIGN	376796	September 30, 1997	Korea
PRECISION POWER	465066	October 25, 1996	Canada
DESIGN MARK	404958	November 13, 1992	Canada

FOREIGN SERVICE MARKS

<u>Name</u>	<u>App./Reg.No.</u>	<u>Date of App./Reg.</u>	<u>Country</u>
PRECISION POWER	403330	October 2, 1992	Canada

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SCHEDULE B

LICENSES

None.

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