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12-01-2000



11-03-2000

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

U.S. Patent & TMO/TM Mail Rpt Dt. #58



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**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) Execution Date
Month Day Year

Name (line 2)

Second Party

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1)

Name (line 2)

Address (line 1)

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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.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

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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:
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PATENT
REEL: 011277 FRAME: 0334

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

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

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)

<input type="text" value="08453445"/>	<input type="text" value="08868615"/>	<input type="text" value="08768617"/>	<input type="text" value="5611882"/>	<input type="text" value="5593625"/>	<input type="text" value="5635123"/>
<input type="text" value="60109546"/>	<input type="text" value="60107182"/>	<input type="text" value="60109482"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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. #

Fee Amount

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

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: #

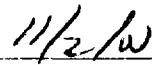
Authorization to charge additional fees: Yes No

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.


Name of Person Signing


Signature


Date

PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of October 27, 2000, is made by and between Phenix Biocomposites, LLC, a Minnesota limited liability company whose address and principal place of business is 221 Mohr Drive, Mankato, Minnesota 56001 (the "Debtor"), and Bridge Lenders, LLC, a South Dakota limited liability company, whose address and principal place of business is 3610 South Western Avenue, Sioux Falls, South Dakota 57105 (the "Secured Party").

Recitals

The Debtor and the Secured Party have entered into a Loan Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Loan Agreement") setting forth the terms on which the Secured Party may now or hereafter make certain loans or other financial accommodations to or for the account of the Debtor.

As a further condition to making any loan or other financial accommodation under the Loan Agreement or otherwise, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Loan Agreement and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Loan Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Loan Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several.

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, the respective goodwill associated with each, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest, with power of sale to the extent permitted by law (the "Security Interest"), in the Patents and in the Trademarks to secure payment of the Obligations.

3. Representations, Warranties and Agreements. The Debtor hereby represents, warrants and agrees as follows:

(a) *Existence; Authority.* The Debtor is a limited liability company, having full power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action of the Debtor's board of governors, and if necessary its members, and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its articles of organization or operating agreement or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct name of the Debtor is Phenix Biocomposites, LLC. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

(b) *Patents.* Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of registrations pertaining to the Patents as of the date hereof.

(c) *Trademarks.* Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all registrations pertaining thereto as of the date hereof.

(d) *Title.* The Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B.

(e) *No Sale.* The Debtor will not sell or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(f) *Defense.* The Debtor will at its own expense, and using its best efforts, protect and defend the Patents and Trademarks against all claims or demands of all persons other than the Secured Party.

(g) *Maintenance.* The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to register and all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit in support thereof, without first providing the Secured Party: (i) sufficient written notice, as provided in the Loan Agreement, to allow the

Secured Party to timely pay any such maintenance fees or annuity which may become due on any of said Patents or Trademarks, or to file any affidavit with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit, should such be necessary or desirable.

(h) *Secured Party's Right to Take Action.* If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Debtor notifies the Secured Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure.

(i) *Costs and Expenses.* Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the highest rate then applicable to any of the Obligations.

(j) *Power of Attorney.* To facilitate the Secured Party's taking action under subsection (h) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Obligations (as defined therein).

4. Debtor's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and

Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Loan Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Loan Agreement.

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor 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.

7. Miscellaneous. This Agreement has been duly and validly authorized by all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement.

This Agreement shall be governed by the internal law of the State of Minnesota without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as of the date written above.

PHENIX BIOCOSMOS, LLC

BRIDGE LENDERS, LLC

By *Samy A. Jass*
Its *Chief Executive Officer*

By *E. Wilson*
Its *Managing Member*

STATE OF Minnesota }
COUNTY OF Hennepin } SS

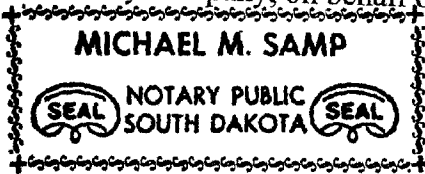
The foregoing instrument was acknowledged before me this 30th day of October, 2000, by Larry D. Voss, the Chief Manager of Phenix Biocomposites, LLC, a Minnesota limited liability company, on behalf of the limited liability company.



Wendy J. Hartman
Notary Public

STATE OF South Dakota }
COUNTY OF Minnehaha } SS

The foregoing instrument was acknowledged before me this 30th day of October, 2000, by E.D. Olson, the Chief Manager of Bridge Lenders, LLC, a South Dakota limited liability company, on behalf of the limited liability company.



Michael M. Samp
Notary Public

My Comm. Expires 3-29-2002

EXHIBIT A**UNITED STATES PATENTS**

<u>Patent Number</u>	<u>Title</u>	<u>Issue Date</u>
5,611,882	Board Stock and Method of Manufacture from Recycled Paper	March 18, 1997
5,593,625	Biocomposite Material and Method of Making	January 14, 1997
5,635,123	Biocomposite Material and Method of Making	June 3, 1997

<u>App. Serial No.</u>	<u>Title</u>	<u>Filing Date</u>
08/453,445	Board Stock and Method of Manufacture from Recycled Paper	May 3, 1995 (Abandoned)
08/868,615	Biocomposite Material and Method of Making	June 3, 1997 (Abandoned)
08/768,617	Thermoplastic Composite Using Particle Thermofusion Process with Engineered Particles	December 18, 1996
60/109,546	Oriented Soybean Strand Board and Method	November 23, 1998
60/107,182	Acid Catalyzed Bonded Cereal Straw Particleboard	November 5, 1998
60/109,482	Acid Catalyzed Bonded Cereal Straw Particleboard	November 23, 1998

FOREIGN PATENTS**TAIWAN**

<u>Patent Number</u>	<u>Title</u>	<u>Issue Date</u>
078381	Board Stock and Method of Manufacture from Recycled Paper	September 19, 1996

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
83107094	Biocomposite Material and Method of Making	August 3, 1994

JAPAN

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
6-506373	Board Stock and Method of Manufacture from Recycled Paper	August 11, 1993
7-506610	Biocomposite Material and Method of Making	August 10, 1994

CANADA

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
2,121,031	Board Stock and Method of Manufacture from Recycled Paper	August 11, 1993
2,168,664	Biocomposite Material and Method of Making	August 10, 1994

AUSTRALIA

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
76695/94	Biocomposite Material and Method of Making	August 10, 1994

KOREA

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
96-00687	Biocomposite Material and Method of Making	August 10, 1994

MEXICO

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
946103	Biocomposite Material and Method of Making	August 10, 1994

CHINA

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
94193644.9	Biocomposite Material and Method of Making	August 10, 1994

BRAZIL

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
PI9407249-3	Biocomposite Material and Method of Making	August 10, 1994

PATENT COOPERATION TREATY (PCT)

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
PCT/US97/22489	Fused Multiparticle Polymeric Matrix Material and Method of Making	December 9, 1997



EUROPEAN PATENT OFFICE (EPO)

<u>Appl. Serial No.</u>	<u>Title</u>	<u>Issue Date</u>
93 918 714.2	Board Stock and Method of Manufacture from Recycled Paper	August 11, 1993
94 92 7160.5	Biocomposite Material and Method of Making	August 10, 1994

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS. SERVICE MARKS
AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

Mark	Registration Number	Registration Date
	2,117,234	December 2, 1997
Environ	2,031,791	January 21, 1997
Naturally Elegant. Environmentally Sound.	1,995,060	August 20, 1996
	1,964,974	April 2, 1996
Newstone	1,847,369	August 20, 1996

APPLICATIONS

Mark	Application Number	Filing Date
Biofiber	75615986	January 5, 1999
Looks Like Granite Works Like Wood	74685137	June 6, 1995