

FORM PTO-1595

(Rev. 8-93)

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

REC

12-28-2000



101564074

HEET

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark OfficeTab settings ☐ ☐ ☐ ☒

To the Honorable Commissioner of Patents

Attached original documents or copy thereof.

## 1. Name of conveying party(ies):

Design Magic, Inc. and  
Robert T. (David) BeaverAdditional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

## 3. Nature of conveyance:

☐ Assignment☐ Merger☐ Security Agreement☐ Change of Name☒ Other Lien And Security AgreementExecution Date: May 6, 1996

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

Name: Olive & Olive, P.A.

Internal Address: \_\_\_\_\_

Street Address: 500 Memorial Street

Post Office Box 2049

City: Durham State: NC ZIP: 27702Additional 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)

B. Patent No.(s) 5,528,425  
5,685,625Additional numbers attached? ☐ Yes ☒ No

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

Name: Michael R. Philips

Internal Address: \_\_\_\_\_

Street Address: Olive & Olive, P.A.

Post Office Box 2049

City: Durham State: NC ZIP: 277026. Total number of applications and patents involved: 27. Total fee (37 CFR 3.41).....\$ 80.00☒ 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.

Michael R. Philips  
Name of Person Signing

Signature

6

Date

Total number of pages including cover sheet, attachments, and document: 4 Dec 2000Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231PATENT  
REEL: 011356 FRAME: 0619

## LIEN AND SECURITY AGREEMENT

### A. RECITALS:

WHEREAS, Design Magic, Inc., and its predecessor in interest, Robert T. (David) Beaver, of 205 E. Franklin St., Raleigh, North Carolina (hereinafter Design Magic) has been indebted to Olive & Olive, P.A., 500 Memorial Street, Durham, North Carolina (hereinafter Olive) for services rendered in the preparation and prosecution of United States and international patent applications and related matters from at least as early as November, 1992; and

WHEREAS, Design Magic acknowledges that it is justly indebted to Olive as of the date of execution of this Agreement and Lien and Security Agreement in an amount equal to \$27,432.79, and that such debt is accruing interest payable to Olive at a rate of 1.5% per month and will continue to accrue such interest until fully paid; and

WHEREAS, Design Magic remains unable to fully repay its debt to Olive and the parties hereto desire to agree on terms to enable payment of Design Magic's debt and to secure payment of such debt, including interest, for the benefit of Olive.

### B. WARRANTIES:

Design Magic warrants that:

1. The obligations agreed to hereunder do not violate any term of any existing contract or other encumbrance, nor shall Design Magic undertake to contract or encumber such proceeds to any third party in preference over any rights of Olive hereunder;
2. Design Magic, and the undersigned Robert T. Beaver, have the legal right and capacity to execute this Lien and Security Agreement and to perform the obligations hereunder;
3. This Lien and Security Agreement constitutes a legal, valid and binding obligation between Design Magic and Olive; and

4. Design Magic has been advised to obtain independent legal advice before executing this Lien and Security Agreement and is not relying on the advice of Olive with respect thereto.

**C. AGREEMENT:**

**THEREFORE**, in consideration of the total amount of indebtedness owed by Design Magic to Olive, the forbearance of such debt by Olive to the extent set forth herein, the continued legal services to Design Magic which the parties anticipate are likely to be rendered by Olive for patent and related matters (although Design Magic is not obligated to request, and Olive is not obligated to provide, such services);

**THE PARTIES AGREE AS FOLLOWS:**

1. In consideration of the present forbearance of the balance of the debt of Design Magic by Olive, as a further collateral for the full payment to Olive of the debt of Design Magic, Design Magic encumbers and establishes this Lien and Security Agreement for the benefit of Olive on all inventions of Design Magic in the field of creating optical illusion effects and virtual image theater, and on any and all Letters Patent and patent applications owned by Design Magic and applied for and/or procured through the efforts of Olive, including any Letters Patent acquired, or patent applications filed, after the execution of and during the term of this Agreement. Design Magic shall not transfer, assign or license any such Letters Patent, patent applications or any rights thereunder to any third party without the prior written consent of Olive. The patents and applications covered by this Lien and Security Agreement as of the date of signing include, but are not limited to:

- (a) any patent application or United States Patent derived from U.S. Serial No. 08/132,379, filed October 6, 1993; and
- (b) the international application under the Patent Cooperation Treaty, Serial No. PCT/US94/11313, having an international filing date of October 5, 1994, and any foreign or United States patent application or patent derived therefrom.

2. Design Magic further agrees to duly and promptly execute and deliver such additional instruments as Olive requests for the purpose of obtaining, recording or preserving for Olive the full benefits of this Lien and Security Agreement.

3. Design Magic agrees to timely pay all fees and charges required to maintain each pending or issued patent, except as specifically excused in writing by Olive, and, if Design Magic fails to comply with this provision, then Olive is empowered, but is not required, to act in its stead and to maintain or to reinstate any such patent in its name, adding the charges and fees therefor to the debt of Design Magic.

4. From the date of this Lien and Security Agreement until the balance of the debt has been paid to Olive, Design Magic agrees to pay at least \$\_\_\_\_\_ each month or 5% of its <sup>DB</sup> income related to the inventions disclosed in the patents and applications covered by this Lien and Security Agreement.

**D. DEFAULT:**

1. It shall be a default of this Lien and Security Agreement

(a) If Design Magic shall purport to transfer any patent secured by this Lien and Security Agreement or any rights thereunder to any third party without approval by Olive as required under this Lien and Security Agreement; or

(b) If Design Magic shall fail to satisfy any other provision or obligation of this Lien and Security Agreement.

2. In the case of a Default hereunder, Olive shall notify Design Magic of such default in writing by U.S. Mail, Certified Service, Return Receipt Requested. Design Magic shall have the right to correct such Default within ten (10) days from the date of Olive's sending such notice of Default;

3. If such Default is not timely corrected, not only shall

the entire amount of the debt of Design Magic to Olive, plus interest and less payments received, become immediately due and payable, but also any legal costs incurred in efforts made for such collection shall be due to Olive; and

4. If Olive waives or fails to exercise its rights arising due to any default by Design Magic hereunder, such waiver or failure shall not act to bar full enforcement of Olive's rights with respect to any other or further default.

5. Nothing herein shall prevent Olive from pursuing other legal means for obtaining the payment and collection of debt owed by Design Magic in the event of a default by Design Magic.

**E. TERM:**

This Lien and Security Agreement shall automatically terminate upon the full payment and satisfaction of all debt of Design Magic to Olive as of the date of final payment. Upon termination, Design Magic's patents, patent applications and any other property secured, shall be deemed released.

**F. GENERAL:**

1. This Lien and Security Agreement shall be governed by and interpreted under the laws of the State of North Carolina.

2. This Lien and Security Agreement is acknowledged to be the full and complete agreement between Design Magic and Olive pertaining to the subject matter hereof. No modifications shall be effective unless executed in writing and signed by the parties hereto.

The undersigned warrants that he is authorized by Design Magic, Inc. to sign this Lien and Security Agreement on behalf of Design Magic, Inc.

## DESIGN MAGIC

Date: May 6 1996By: Robert T. Beaver  
Title: PRESIDENTState of North Carolina  
County of Durham

Before me personally appeared Robert T. Beaver, to me known to be the person who executed the above mentioned Lien and Security Agreement and who signed the foregoing document in my presence, under oath, on this 6th day of May, 1996.

[Signature]  
Notary Public

My Commission Expires: 7-10-99

OLIVE &amp; OLIVE, P.A.

Date: May 8, 1996

[Signature]  
By: Susan Freya Olive  
Vice President

State of North Carolina  
County of Durham

Before me personally appeared Susan Freya Olive, to me known to be the person who executed the above mentioned Lien and Security Agreement and who signed the foregoing document in my presence, under oath, on this 8th day of May, 1996.

[Signature]  
Notary Public

My Commission Expires: 7-10-99