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PATENTS ONLY
Attorney's Do. No. 6909-6

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re patent application of: ROBERT M. CARUSO and KONSTANTIN J. BALASHOV

Serial No. 09/771,360, filed January 26, 2001

For: IMAGE COMPRESSION TECHNIQUE FOR USE WITH ANIMATED IMAGE FILES

Serial No. 09/772,541, filed January 29, 2001

For: RICH MEDIA FILE FORMAT AND DELIVERY METHODS

Box Assignments

Commissioner of Patents and Trademarks

Washington, D.C. 20231

I HEREBY CERTIFY THAT THIS CORRESPONDENCE IS BEING DEPOSITED WITH THE UNITED STATES POSTAL SERVICE AS FIRST CLASS MAIL IN AN ENVELOPE ADDRESSED TO:

☐ COMMISSIONER OF PATENTS AND TRADEMARKS, WASHINGTON D.C. 20231

☒ ASSISTANT COMMISSIONER FOR PATENTS, WASHINGTON D.C. 20231

☐ ASSISTANT COMMISSIONER FOR TRADEMARKS, 2900 CRYSTAL DRIVE, ARLINGTON VA 22202-3513

ON: 15 March 2001

[Signature]

Please record the attached original document or copy thereof and return the recorded instrument to the undersigned.

1. Name of party(ies) conveying an interest: **OnMercial.com, Inc.**, a Delaware Corporation, 16380 S.W. Cornelian Way, Beaverton, Oregon 97007 (Debtor)
2. Name and address of party(ies) receiving an interest: **MARGER, JOHNSON & McCOLLOM, P.C.**, 1030 S.W. Morrison Street, Portland, Oregon 97205-2626
3. Description of the interest conveyed:

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

Date of execution of attached document: February 7, 2001

4. Application number and patent number: Serial No. 09/771,360 and Serial No. 09/772,541.

Patent number:

Additional sheet attached? No

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

MARGER, JOHNSON & McCOLLOM, P.C.
1030 S.W. Morrison Street
Portland, Oregon 97205-2626
Telephone: (503) 222-3613

6. Number of applications and patents involved: 2
7. Enclosed is our check for \$80.
8. Any deficiency or overpayment should be charged or credited to deposit account number 13-1703.
9. 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.



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PATENT TRADEMARK OFFICE

MARGER JOHNSON & McCOLLOM, P.C.
1030 SW Morrison Street
Portland, OR 97205
(503) 222-3613

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Respectfully submitted,

MARGER, JOHNSON & McCOLLOM, P.C.

[Signature]
Alexander C. Johnson, Jr., Reg. No. 29,396

Total number of pages comprising
Cover sheet and attached security agreement: 8

PATENT
REEL: 011643 FRAME: 0213

**SECURITY AGREEMENT
WITH ASSIGNMENT OF INTELLECTUAL PROPERTY**

PARTIES

"Debtor": OnMercial.com, Inc., a Delaware corporation
16380 S.W. Cornelian Way
Beaverton, Oregon 97007

"Secured Party": Marger, Johnson & McCollom, P.C.
1030 S.W. Morrison Street
Portland, Oregon 97205

Date: February 7, 2001

1. GRANT OF SECURITY INTEREST

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor hereby grants, transfers, and assigns to Secured Party a lien upon and security interest in all the following property of Debtor, wherever located, whether now owned or existing or hereafter acquired or created (hereinafter called "Collateral"):

1.1 U.S. Patent Application Serial No. 60/178,482; filed January 27, 2000, for NETWORK SEARCHING WITH SCREEN SNAPSHOT SEARCH;

1.2 U.S. Patent Application Serial No. 60/199,781, filed April 26, 2000, for NETWORK SEARCHING WITH SCREEN SNAPSHOT SEARCH RESULTS AND RICH CONTENT FILED WITH SELF-CONTAINED VIEWER;

1.3 U.S. Patent Application Serial No. 60/230,043, filed September 1, 2000, for THE IMAGE COMPRESSION TECHNIQUE FOR USE WITH ANIMATED IMAGE FILES;

1.4 U.S. Patent Applications for "IMAGE COMPRESSION USEABLE WITH ANIMATED IMAGES," filed January 26, 2001, and for "RICH MEDIA FILE FORMAT AND DELIVERY METHODS," filed January 29, 2001, which applications claim priority from those applications listed in paragraphs 1.1 through 1.3, above.

1.5 All copyrights, inventions, and trade secrets in and to all computer software and accompanying literature regarding the software under development described in paragraphs 1.1, 1.2, 1.3 and 1.4;

1.6 All PCT international applications filed with respect to the inventions covered by paragraphs 1.1, 1.2, 1.3 and 1.4, including all corresponding foreign patent applications and patents;

1.7 All improvements and modifications hereafter created of those inventions described in paragraphs 1.1 through 1.4, inclusive;

1.8 All proceeds from any and all of the foregoing.

2. OBLIGATIONS SECURED

The security interest granted herein secures payment of:

2.1 The obligations owed or hereafter owing to the Secured Party as evidenced by the parties January 2000 agreement, as amended by Agreement of even date herewith (the "Agreement"); and

2.2 Performance of Debtor's obligations herein and of all other liabilities, direct or indirect, absolute or contingent, now existing or hereafter arising from the Debtor to the Secured Party.

3. DEBTOR'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

Debtor represents, warrants, and covenants to Secured Party as follows:

3.1 Payment and Performance. Debtor agrees to perform all of its obligations under this Security Agreement and under all agreements and instruments of indebtedness secured hereby.

3.2 Lien Priority. The Collateral is owned by Debtor and is free and clear of all liens, encumbrances, and claims of anyone else whatsoever, except the lien created by this Security Agreement. Debtor further agrees not to grant any other security interest in the Collateral or to permit any involuntary lien or encumbrance to attach to the Collateral.

3.3 UCC Financing Statements. Debtor agrees to execute and deliver to Secured Party such financing statements, continuation statements, amendments, termination statements, applications for registration, and like documents as Secured Party may request. Debtor hereby irrevocably appoints Secured Party, as Debtor's attorney in fact, to do all acts and things which Secured Party may, at its option, deem necessary to perfect its security interest in the Collateral.

3.4 Preservation of Collateral. Debtor shall not dispose of any Collateral without Secured Party's prior permission. Debtor will preserve the Collateral, make all necessary filings to obtain all available renewals of the Collateral, and protect the Collateral from all instances of patent, trademark, copyright, or other infringement, including through the filing and prosecution of legal action against any such infringement. In no event shall Debtor use or otherwise involve any of the Collateral in any patent, trademark, copyright, or other infringement or any other violation of law.

3.5 Maintenance of Status. Debtor will, at all times, maintain its corporate existence, remain or become a corporation in good standing in each jurisdiction in which it is required to be qualified, and maintain all intellectual property registrations, franchises, and licenses necessary in its business to comply with all valid and applicable statutes, rules, and regulations.

3.6 Taxes and Other Liens. Debtor agrees to pay when due all taxes and assessments, governmental charges, claims for labor, supplies, rent, and other obligations which, if unpaid, might become a lien against any assets of the Debtor.

3.7 Further Assurances. Debtor will promptly cure any defects in the execution and delivery of this Security Agreement and any other instruments and documents referred to, mentioned, or executed in connection herewith or therewith.

3.8 Performance of Obligations. The Debtor will do, pay, and perform every action and discharge all of the obligations provided to be performed and discharged under the Security Agreement and any and all instruments and documents referred to, mentioned, or in or in connection herewith and therewith at the time or times and in the manner therein or herein specified.

3.9 Change in Name. Debtor will not change its name or start doing business under an assumed business name or change any assumed business name without the prior written consent of Secured Party.

3.10 Compliance With Laws. Debtor will, at all times, comply with all laws, rules, regulations, orders, and directions of any governmental authority having jurisdiction over it or any aspect of its business.

4. DISCLAIMER

Secured Party does not assume and shall not be subject to any obligation or liability to any third parties in connection with any of the Collateral.

5. PAYMENTS BY SECURED PARTY

In the event Debtor fails to make any payment or perform any act required hereunder, Secured Party may but shall not be obligated to do so. Any such sums paid or advanced by Secured Party including, without limitation, renewal fees, taxes, attorneys fees whether awarded by a court or incurred otherwise, and costs of preserving the Collateral, shall become a part of the indebtedness secured hereby, which Debtor promises to pay on demand together with interest on any such advance from the date of expenditure until repaid at the legal rate.

6. WAIVERS; NO DUTY

Debtor hereby waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of credit extended, and notice of any other action taken in reliance hereon and all other demands and notices of any description. This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions of this Security Agreement shall be effective unless in writing and signed by Secured Party. No waiver or indulgence by Secured Party as to any required performance or other obligation of Debtor shall be construed as a waiver of any right on any future occasions. With respect to the indebtedness secured hereby and the Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange, or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments, and to the settlement, compromising, and adjusting of any thereof, all in such manner and at such time or times as Secured Party may, in its sole discretion, deem advisable. Secured Party shall have no duty as to the collection or protection of Collateral or any income thereon, nor as to the preservation of any rights against prior parties. Secured Party shall have no obligation to marshal Collateral or to proceed in reverse order of alienation.

7. EVENTS OF DEFAULT

Each and all of the following shall be events of default under this Security Agreement without notice:

7.1 Default in the payment, when due or payable, of any indebtedness of Debtor to Secured Party, including but not limited to the obligations due under the Agreement;

7.2 The failure of Debtor to perform when or before due any other obligation of Debtor to Secured Party whether under this Security Agreement or under any other document, including but not limited to the earlier Agreement;

7.3 Any representation or warranty made by the Debtor herein or in connection with the Agreement, or any other document between Debtor and Secured Party which proves to have been untrue in any respect, or any representation, statement (including financial statements), certificate, or data furnished or made by the Debtor (or any officer, accountant, or attorney of the Debtor) which proves to have been untrue in any respect, as of the date of which the facts therein set forth were stated or certified.

7.4 Secured Party shall, in its sole discretion, deem that reasonable grounds exist for insecurity with respect to performance by the Debtor with respect to this Security Agreement, the Agreement, or any documents or instruments executed in connection therewith, and thereafter Debtor fails to provide (within five (5) calendar days after Secured Party gives written notice to Debtor that, in Secured Party's discretion, reasonable grounds for such insecurity exists) adequate assurance satisfactory to Secured Party of due performance.

7.5 Debtor shall: (i) discontinue business for more than five (5) consecutive days, (ii) make a general assignment for the benefit of creditors, (iii) apply for or consent to the appointment of a receiver, trustee, or liquidator of itself or of all or a substantial part of its assets, (iv) be adjudicated bankrupt or insolvent, (v) file a voluntary petition in bankruptcy or file a petition or answer seeking reorganization or an arrangement with creditors or seek to take advantage of any other law, whether federal or state, relating to relief of debtors, or admit (by answer, by default, or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, arrangement, insolvency, or other proceeding (whether federal or state) relating to relief of debtors, (vi) permit or suffer to be suffered any judgment, decree, or order entered by a court of competent jurisdiction which approves a petition seeking reorganization of the Debtor or which appoints a receiver, trustee, or liquidator of the Debtor or of all or a substantial part of any of the assets of Debtor, or (vii) take or omit to take any action for the purpose or result of effecting or permitting any of the foregoing.

8. CROSS DEFAULT

Default hereunder shall, at Secured Party's option, shall also constitute default under all other agreements between Secured Party and Debtor, and default under any other agreements shall constitute a default hereunder.

9. REMEDIES UPON DEFAULT

Upon the occurrence of any of the above events of default, Secured Party shall have, in addition to all of the rights and remedies of a secured party at law and in equity and under this Security Agreement and under any other agreements between Debtor and Secured Party, the remedies of a secured party under the Uniform Commercial Code of Oregon. Regardless of where any Collateral or the records and documents associated thereto are located, Secured Party may require Debtor to assemble all Collateral and Debtor's books and records and documents in one or more locations and make such Collateral and the books and records available to Secured Party. Upon default, Secured Party shall have the right to declare immediately due and payable any and all indebtedness owed by Debtor to Secured Party. All the rights, privileges, powers, and remedies of Secured Party shall be cumulative. Debtor also hereby authorizes Secured Party to grant extensions, and compromise and settle claims with respect to the Collateral, for less than face value, all without prior notice to Debtor. Debtor agrees to pay Secured Party's expenses of retaking, holding, preparing for sale, selling, and the like, all upon demand. Debtor shall remain liable for any deficiency.

10. ATTORNEYS FEES; COSTS

In the event Secured Party retains the services of an attorney (including in-house legal services) to enforce the collection of the indebtedness due Secured Party, the Consolidated Note, this Security Agreement, the Note, the Earlier Security Agreement, or any other obligation of Debtor to Secured Party, Debtor agrees to pay reasonable

attorneys fees and other costs, expenses, and disbursements (including allocated costs for in-house legal services) incurred by Secured Party even if no suit, action, arbitration, or other proceeding is brought. If such a suit, action, arbitration, or other proceeding is brought, Debtor shall also pay to Secured Party the reasonable attorneys fees and other costs, expenses, and disbursements (including the allocated costs for in-house legal services) incurred in connection with such suit, action, or arbitration or other proceeding in the trial, appellate, and bankruptcy courts, including without limitation any action to lift or modify the automatic stay, determine adequate protection, use cash collateral, or relating in any way to any Disclosure Statement or Plan of Reorganization. Debtor also agrees to pay to Secured Party any and all costs and expenses, including reasonable attorneys fees, incurred by Secured Party in protecting or enforcing Secured Party's rights in the Collateral, whether or not a lawsuit is commenced. Interest shall accrue on all such attorneys fees and other costs, expenses, and disbursements at the maximum nonusurious rate permitted by applicable law with respect to the Debtor.

11. TERMINATION OF SECURITY INTEREST.

At such time as Debtor has fully satisfied all of its obligations under the Settlement Agreement between the parties effective as of January 15, 1999, including payment of the Consolidated Note and payment of the sums due under Section 4 of said Settlement Agreement, and subject to Debtor owing no other obligations to Secured Party for services rendered subsequent to the date of the Consolidated Note, then this Security Agreement shall terminate and be of no further force and effect, and Secured Party shall execute and deliver to Debtor for recording its UCC-3 termination statement(s) or other such termination statements as may be required to release Secured Party's interest in Debtor's assets described in this Security Agreement.

12. NOTICE

Each demand, notice, or other communication required hereunder or under applicable law shall be given by certified mail addressed to the party at its address set forth on the first page hereof or as changed by written notice to the other party, by facsimile showing receipt by the party, or by personal service upon the party or proper officer. Reasonable notice, when notice is required, shall be deemed to be five days. Notice shall be deemed given three days after mailing, or upon actual receipt, whichever is earlier.

13. GOVERNING LAW

All the terms herein and the rights, duties and remedies of the parties shall be governed by the law of the State of Oregon.

14. SUCCESSORS AND ASSIGNS

All covenants and agreements herein contained by or on behalf of the Debtor shall bind its successors and assigns and shall inure to the benefit of the Secured Party and its

successors and assigns. Debtor may not assign this Security Agreement or other instruments or documents executed in connection herewith or any of the rights of Debtor hereunder without the prior written consent of Secured Party. Secured Party's rights under this Security Agreement and the obligations secured hereby and under any of the documents executed in connection therewith may be assigned by Secured Party from time to time. In any such case the assignee shall be entitled to all the rights, privileges, and remedies granted to Secured Party in this Security Agreement and in such other documents.

15. SEVERABILITY

In the event any one or more of the provisions contained in this Security Agreement shall for any reason be held to be invalid, illegal, or unenforceable, such provision or provisions shall not affect any other provision of the Security Agreement, and in lieu of such invalid, illegal, or unenforceable provision there shall be automatically added a provision as similar in terms to such invalid, illegal, or unenforceable provision as may be possible and as may be valid, legal, and enforceable.

16. TIME IS OF THE ESSENCE

Debtor agrees that time shall be of the essence in performing any act under this Security Agreement and under any instrument or document executed in connection herewith.

IN WITNESS WHEREOF Debtor has caused this Security Agreement to be executed by a duly authorized person as of the date hereinabove written.

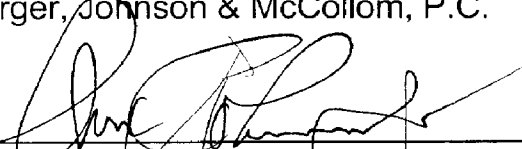

Debtor:

OnMercial.com, Inc.

By: 
Title: CEO

Secured Party:

Marger, Johnson & McCollom, P.C.

By: 
Alex Johnson
Title: Member


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