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Form PTO-1595  
(Rev. 03/01)  
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T U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office

101758657

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

PCL Packaging, Inc.

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment  Merger
- Security Agreement  Change of Name
- Other \_\_\_\_\_

Execution Date: June 15, 2001

2. Name and address of receiving party(ies)

Name: Bank of America Canada, as Agent

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

Street Address: 200W. Front St. West, Ste. 2700

City: Toronto State: Canada Zip: M5V3L2

Additional 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)

4877473

Additional numbers attached?  Yes  No

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

Name: Maisha Gibson

Internal Address: Goldberg Kohn Bell Black  
Rosenbloom & Moritz, Ltd.

Street Address: 55 E. Monroe Street

Suite 3700

City: Chicago State: IL Zip: 60603

6. Total number of applications and patents involved: 7

7. Total fee (37 CFR 3.41).....\$ 280.00

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.

Maisha Gibson

Name of Person Signing

Maisha Gibson  
Signature

6/22/01

Date

Total number of pages including cover sheet, attachments, and documents: 14

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

**PATENT**  
REEL: 011911 FRAME: 0001

**Patents and Applications**

<b>Registration Number</b>	<b>Registration Date</b>	<b>Description</b>
4,877,473	October 31, 1989	Method of making a bag pack
5,184,728	February 9, 1993	Bag dispensing system
5,332,097	July 26, 1994	Bag dispensing system
5,467,572	November 21, 1995	Bagging system
5,562,213	October 8, 1996	Bag dispensing system and rack
5,524,763	June 11, 1996	Dispensing system for t-shirt type bags
5,577,615	November 26, 1996	Bag dispensing system

## COLLATERAL PATENT SECURITY AGREEMENT

THIS COLLATERAL PATENT SECURITY AGREEMENT (the "Patent Security Agreement") made as of the 1<sup>Sth</sup> day of June, 2001 by PCL PACKAGING, INC., having an office at 33500 Lockheed Avenue, Pueblo, Colorado 81001 ("Company") in favor of BANK OF AMERICA CANADA, as Agent (in such capacity "Agent"), having an office at 200 Front Street West, Suite 2700, Toronto, Ontario, M5V 3L2 for itself and the benefit of the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Loan and Security Agreement dated April 7, 1999 (as the same has been and may in the future be including amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Company, PCL Packaging Corporation (successor to PCL Plastics Corporation and PCL & Eastern Packaging Limited), together with Company, "Borrowers"), Agent and the Lenders.

### WITNESSETH:

WHEREAS, Agent, the Lenders and Borrowers have entered into the Loan Agreement providing for Lenders to make certain Loans and extend other financial accommodations to Borrowers (capitalized terms used but not otherwise defined herein shall have the meaning given such terms in the Loan Agreement);

WHEREAS, Company has granted a security interest to Agent in certain of its assets pursuant to the Security Agreement dated April 7, 1999 by Company in favor of Agent (the "Security Agreement"); and

WHEREAS, it is a condition precedent to the effectiveness of the Fourth Amendment to the Loan Agreement that Company shall have granted the security interest and made the collateral assignment contemplated by this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and in order to induce Lenders to enter into the Fourth Amendment to the Loan Agreement, Company hereby agrees with Agent and its successors, transferees and assigns as follows:

1. Grant of Security Interest. To secure the prompt and complete payment, observance and performance of all of the Secured Obligations (as defined in the Security Agreement), Company hereby grants, mortgages, pledges and hypothecates to and creates a security interest in favor of Agent, and its successors, transferees and assigns, for itself and for the benefit of all Lenders, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale as hereinafter provided, to the extent permitted by law, with respect to all of the following property of Company, whether now owned or existing or hereafter acquired or arising (collectively, the "Collateral"):
  - (a) all of Company's rights, title and interests in its patents and applications for which registrations have been issued or applied for in the United States Patent and Trademark Office and the Patent Office of the Canadian Intellectual

4278.003

Property Office, or used in the United States, Canada or any state, province, territory or possession of either thereof, including, without limitation, the inventions and improvements described and claimed therein, including, without limitation, those listed on Annex A, and all rights and interests under patent license agreements (both as licensee and licensor), including, without limitation, those listed on Annex B, each attached hereto and made a part hereof and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (ii) all income, royalties, damages and payments now or 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 but excluding attorneys' fees and court costs payable to Company in respect thereto, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing patents and patent applications, and interests under patent license agreements, together with the items described in clauses (i) through (iv) in this subparagraph (a), are sometimes hereinafter individually and/or collectively referred to as the "Patents"); and

(b) the goodwill of Company's business connected with the Patents.

2. Collateral Purposes. Notwithstanding the terms and provisions of Section 1 above, this grant shall be for collateral purposes only. Unless an Event of Default shall have occurred and be continuing, Company shall retain the right to use the Collateral, for Company's own benefit and account. Upon the occurrence and during the continuance of any Event of Default, Company's rights to use the Collateral as set forth in this paragraph shall terminate automatically without any requirement of notice to Company of such termination, and the Agent shall thereupon have, in addition to all other rights and remedies given it by this Agreement, those allowed by the federal laws of the United States and Canada and the rights and remedies of a secured party under the Uniform Commercial Code, the Personal Property Security Act (or the Civil code of Quebec), as applicable, as enacted in any jurisdiction in which any of the Collateral may be located.
3. Restrictions on Future Agreements. Company agrees that during the existence and continuation of an Event of Default and until all of Borrowers' Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated, Company will not, without Agent's prior written consent, abandon any Patent or enter into any agreement, except with Company's Affiliates, including, without limitation, any license agreement, which is inconsistent with Company's obligations under this Patent Security Agreement if such actions would materially adversely affect the fair market value of the Collateral or the benefits of this Patent Security Agreement granted to Agent including, without limitation, the priority or perfection of the security interest granted herein or the remedies of Agent hereunder, and Company further agrees that during the existence and continuation of an Event of Default 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 enforcement of the rights transferred or granted to Agent under this Patent Security Agreement and any such agreement or action if it shall take place shall be null and void and of no effect whatsoever.

4. New Patents. Company represents and warrants that the patents listed on Annex A and on Annex B constitute all of the Patents and applications now owned by or licensed to or by Company for which registrations have been issued or applied for in the Patent Office of the Canadian Intellectual Property Office and the United States Patent and Trademark Office. If, before Borrowers' Obligations have been satisfied in full and the Loan Agreement terminated, Company shall (i) obtain rights to any new patentable inventions, or (ii) become entitled to the benefit of any patent application or patent for any reissued division, continuation, renewal, extension or contribution-in-part of any Patent or any improvement in any Patent, or of any patent license agreement, the provisions of Section 1 above shall automatically apply thereto and Company shall give to Agent prompt written notice thereof. Company hereby authorizes Agent to modify this Patent Security Agreement by amending Annex A and Annex B to include any future patents, patent applications and patent license agreements which are Patents, as applicable, under Section 1 above or under this Section 4.
  
5. Additional Representations and Warranties. Company hereby represents, warrants, covenants and agrees that:
  - (a) It has the full right and power to grant the security interest in the Collateral made hereby.
  - (b) Except to its Affiliates and for Permitted Liens, it has made no previous assignment, transfer or agreements in conflict herewith or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral except for license agreements to use such Patents granted to licensees described on Annex B hereto.
  - (c) (i) There is no financing statement or other document or instrument now signed or on file in any public office covering any part of the Collateral, except those showing Agent as secured party or related to Permitted Liens, and (ii) so long as any of Borrowers' Obligations remain outstanding under the Loan Agreement or the Loan Agreement has not terminated, it will not execute, and it shall not permit there to be on file in any public office, any such financing statement or other document or instruments, except financing statements on file or to be filed in favor of Agent or related to Permitted Liens.
  - (d) Subject to any limitations stated therein or in connection therewith, all information furnished to Agent or the other Lenders concerning the Collateral and proceeds thereof, for the purpose of obtaining credit or an extension of

credit, is, or will be at the time the same is furnished, accurate and correct in all material respects.

6. Intentionally Deleted.
7. Required Consents. If any agreement to which the Company is presently a party contains a provision that prohibits or limits Company's rights to grant a security interest or provides that any Collateral specified herein may not be pledged, hypothecated, assigned or otherwise encumbered without the leave, license, consent or approval (collectively, the "Consent") of the other party to such agreement, the security interest created hereby shall be conditioned upon such Consent having been obtained. Company hereby represents that all agreements requiring such Consents are listed in Annex C to this Patent Security Agreement.
8. Royalties; Terms. Company hereby agrees that any rights to use granted hereunder by Agent and its successors, transferees and assigns with respect to all Collateral as described above shall be worldwide (to the extent Company has such rights) and without any liability for royalties or other related charges from Agent or Lenders, ratably, to Company. The term of the security interest granted herein shall extend until the earlier of (i) the expiration or termination of each of the Patents covered hereby or (ii) all Borrowers' Obligations have been paid in full and the Loan Agreement has been terminated.
9. Agent's Right to Inspect. Agent shall have the right, upon reasonable notice and from time to time, to inspect Company's premises and to examine Company's books, records and operations. Unless Agent reasonably determines that to do so would be adverse to its interests, Agent will give Company reasonable advance notice and make any inspections during Company's normal business hours.
10. Release of Security Interest.
  - (a) This Patent Security Agreement is made for collateral purposes only. Upon payment in full of all of Borrowers' Obligations and termination of the Loan Agreement, Agent shall, at Company's sole cost and expense, execute and deliver to Company all termination statements, releases, assignments and other instruments as may be necessary or proper to re-vest in Company full title to the Collateral granted hereby, subject to any disposition thereof which may have been made by Agent pursuant hereto or pursuant to the Security Agreement.
  - (b) Upon any sale, assignment, lease or other disposition of all or any part of the Collateral permitted by the Loan Agreement or in connection with the sale, assignment, lease or other disposition of assets permitted by the Security Agreement, with application of the proceeds thereof made in accordance with the Security Agreement, Agent acknowledges and agrees that the security interest in the Collateral granted hereby shall be released and that it shall execute and deliver to Company all termination statements and other

documents and instruments as may be necessary or desirable to fully release the security interest in such Collateral granted hereby.

11. Duties of Company. During the existence and continuation of an Event of Default Company agrees: (a) Company shall have the duty (i) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or thereafter until all Borrowers' Obligations shall have been paid in full and the Loan Agreement shall have been terminated, (ii) to make application for unpatented but patentable inventions as appropriate and (iii) to preserve and maintain all rights in patent applications and patents of the Patents, in each case to the extent such items are still used or useful in the business of Company, or that the failure to do so would materially adversely effect the fair market value of the Collateral or the benefits of this Patent Security Agreement granted to Agent including, without limitation, the priority or perfection of the security interest granted herein or the remedies of Agent hereunder; (b) any expenses incurred in connection with such applications shall be borne by Company; (c) Company agrees to retain a registered patent attorney approved by Agent for the filing and prosecution of all such applications and other proceedings at the time of such filing or prosecution; and (d) Company shall not abandon any right to file a patent application or any pending patent application without the consent of Agent.

If Company fails to comply with any of the foregoing duties, Agent may do so in Company's name to the extent permitted by law, but at Company's expense, and Company hereby agrees to reimburse Agent in full for all expenses, including the reasonable fees and disbursements of counsel incurred by Agent in protecting, defending and maintaining the Collateral.

In the event that Company shall fail to pay when due any fees required to be paid by it hereunder, or shall fail to discharge any lien or security interest prohibited hereby, or shall fail to comply with any other duty hereunder, Agent may, but shall not be required to, pay, satisfy, discharge or bond the same for the account of Company, and all moneys so paid out shall be Secured Obligations repayable on demand, together with interest at the rate of interest applicable to Loans under the Loan Agreement.

Company further agrees that for so long as no Event of Default exists Company will at all times maintain, preserve and protect the Collateral to the extent consistent with prudent and reasonable business practices.

12. Remedies; Right to Sue. Upon the occurrence and during the continuance of an Event of Default, Agent's remedies shall be as set forth in the Security Agreement. In addition to the foregoing, upon the occurrence and during the continuance of an Event of Default, Agent and its successors, transferees and assigns shall have the right, but shall in no way be obligated, to bring suit in their own name to enforce the Patents, and any licenses thereunder, and, if Agent or any such other party shall commence any such suit, Company shall, at the request of Agent or such other party, do any and all lawful acts and execute any and all proper documents required by Agent or such

other party in aid of such enforcement and Company shall promptly, upon demand, reimburse and indemnify Agent or such other party for all costs and expenses incurred by Agent or such other party in the exercise of their rights under this Section 12. Agent shall have for the benefit of Lenders, in addition to all other rights of Agent and Lenders, the rights and remedies of a secured party under applicable law (UCC, PPSA, Civil Code of Quebec or federal laws of Canada or the United States) in the jurisdiction where the Collateral is located.

13. Waivers. No course of dealing between Company and Agent or any of their respective successors, transferees and assigns, nor any failure to exercise, nor any delay in exercising, on the part of Agent or any such other 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.
14. Severability. The provisions of this Patent 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 Patent Security Agreement in any jurisdiction. If the security interest granted hereunder would be unenforceable under applicable law, such security interest shall be valid and enforceable to the maximum extent that would not cause such security interest to be unenforceable under applicable law and this Agreement shall be deemed to be automatically amended accordingly at all times.
15. Modification. This Patent Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 4 hereof or by a writing signed by the parties hereto.
16. Cumulative Remedies; Power of Attorney; Effect on Security Agreement. All of the rights and remedies of Agent, the other Lenders and their successors, transferees and assigns with respect to the Collateral, whether established hereby or by the Security Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Company hereby authorizes Agent to make, constitute and appoint any officer or agent of Agent as Agent may select, in its sole discretion, as Company's true and lawful attorney-in-fact, with power (i) so long as any Event of Default has occurred and is continuing, to endorse Company's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Collateral, or to grant or issue any exclusive or non-exclusive license under the Collateral to anyone, or to assign, pledge, hypothecate, convey or otherwise transfer title in or dispose of the Collateral to anyone free and clear of any encumbrance upon title thereof created after the date of this Patent Security Agreement, and (ii) so long as any Event of Default has occurred and is continuing to take any other actions with respect to the Collateral as Agent reasonably deems in its



best interests. Agent hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until all of Borrowers' Obligations shall have been paid in full and the Loan Agreement has been terminated. Company acknowledges and agrees that this Patent Security Agreement is not intended to limit or restrict in any way the rights and remedies of Agent, the other Lenders or their successors, transferees and assigns under the Security Agreement but rather is intended to facilitate the exercise of such rights and remedies. Agent and such other parties shall have, in addition to all other rights and remedies given it or them by the terms of this Patent Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code and the Personal Property Security Act, each as enacted in any jurisdiction in which the Patents may be located. Recourse to security will not be required at any time.

17. Care of Collateral. Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if it takes such action for that purpose as Company shall request in writing, but failure of Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Agent to preserve or protect any rights with respect to the Collateral against prior parties, or to do any act with respect to preservation of the Collateral not so requested by Company shall be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral unless such failure is the result of gross negligence or willful misconduct.
18. Certain Rights Regarding Collateral and Borrowers' Obligations. Agent may, upon the occurrence and during the continuance of an Event of Default or upon Agent's exercise of its rights under Section 11.2 of the Loan Agreement, without notice to Company, take all or any of the following actions: (a) transfer all or any part of the Collateral into the name of Agent or its nominee, with or without disclosing that such Collateral is subject to the lien and security interest hereunder, (b) notify the parties obligated on any of the Collateral to make payment to Agent of any amounts due or to become due hereunder, (c) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto and (d) take control of any proceeds of the Collateral. Agent may, furthermore, from time to time, whether before or after any of Borrowers' Obligations shall become due and payable, without notice to Company, take all or any of the following actions: (a) retain or obtain a security interest in any property, in addition to the Collateral, to secure any of Borrowers' Obligations, (b) retain or obtain the primary or secondary liability of any party or parties, in addition to Company with respect to any of Borrowers' Obligations, (c) extend or renew for any period (whether or not longer than the original period) or exchange any of Borrowers' Obligations or release or compromise any obligation of any nature of any party with respect thereto, (d) surrender, release or exchange all or any part of any property, in addition to the Collateral, securing any of Borrowers' Obligations, or compromise or extend or renew for any period (whether or

not longer than the original period) any obligations of any nature of any party with respect to any such property, and (e) resort to the Collateral for payment of any of Borrowers' Obligations, if and to the extent permitted by the Loan Agreement, whether or not it shall have resorted to any other property securing Borrowers' Obligations or shall have proceeded against any party primarily or secondarily liable on any of Borrowers' Obligations.

19. Binding Effect; Benefits. This Patent Security Agreement shall be binding upon Company and its respective successors and assigns, and shall inure to the benefit of Agent and its respective successors, transferees and assigns. No realization by Agent of its rights under this Agreement shall entitle Company, by subrogation or otherwise, to any payment by PCL Packaging Corporation ("PCL Canada") or from or out of any property of PCL Canada, and Company irrevocably waives any right or remedy against PCL Canada or any property of PCL Canada including, without limitation, any right of contribution or reimbursement by reason of any realization by Agent of its rights under this Agreement. The provisions of this paragraph shall survive the termination of this Agreement or the release or discharge of Company from liability hereunder. Company, Agent and Lenders hereby agree that PCL Canada is and shall be a third party beneficiary of the provisions of this paragraph.
20. Governing Law. This Patent Security Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and applicable federal patent law.
21. Notice. The provisions of the Security Agreement shall govern in respect of notices or communications contemplated hereunder or given in connection herewith.
22. Consent to Jurisdiction; Waiver of Jury Trial. To induce Agent to accept this Patent Security Agreement, Company irrevocably agrees that this Patent Security Agreement incorporates herein Section 6.3 of the Security Agreement, with respect to submission to jurisdiction and Section 6.4 of the Security Agreement, with respect to waiver of jury trial.



IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Patent Security Agreement as of the day first above written.

**PCL PACKAGING, INC.**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**BANK OF AMERICA CANADA, as Agent**

By  \_\_\_\_\_  
Name **Jeffrey D. Burdon**  
Title **Vice President**

**ANNEX A**  
**to**  
**Collateral Patent Security Agreement**

**Patents and Applications**

<b>Registration Number</b>	<b>Registration Date</b>	<b>Description</b>
4,877,473	October 31, 1989	Method of making a bag pack
5,184,728	February 9, 1993	Bag dispensing system
5,332,097	July 26, 1994	Bag dispensing system
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5,562,213	October 8, 1996	Bag dispensing system and rack
5,524,763	June 11, 1996	Dispensing system for t-shirt type bags
5,577,615	November 26, 1996	Bag dispensing system

**ANNEX C**  
**to**  
**Collateral Patent Security Agreement**

**Required Consents**

NONE

**ANNEX B**  
**to**  
**Collateral Patent Security Agreement**

**Patent License Agreements**

NONE