

07-30-2001

Form PTO-1595
(Rev. 03/01)



U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

OMB No. 0651-0027 (exp. 5/31/2002)

101791513

Tab settings ⇌ ⇌ ⇌ ▼

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

1. Name of conveying party(ies):

GRAY MATTER HOLDINGS, LLC

7-2501

2. Name and address of receiving party(ies)

Name: PROVIDENT BANK OF MARYLAND

Internal Address: _____

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

3. Nature of conveyance:

- Assignment Merger
- Security Agreement Change of Name
- Other _____

Street Address: 114 E. Lexington St., 5th Fl.

City: Baltimore State: MD Zip: 21202

Execution Date: _____

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) 09/489/149
 09/533,963 09/232,946 09/521,241
 09/797,948 29/137,269 29/7764,059
 29/136,638 09/045,994 29/136,636

B. Patent No.(s)
 6,170,100 D426,415 D425,357
 6,145,789 5,835,609

Additional numbers attached? Yes No

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

Name: J. Tyssowski, Esquire

Internal Address: _____

Gebhardt & Smith LLP

Street Address: World Trade Center, 9th Fl.

City: Baltimore State: MD Zip: 21202

6. Total number of applications and patents involved: 15

7. Total fee (37 CFR 3.41).....\$ 600.00

- 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.

Name of Person Signing
Joseph Tyssowski, Esq.

Signature

July 5, 2001
Date

Total number of pages including cover sheet, attachments, and documents: 9

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

07/27/2001 LNUELLER 00000141 09489149

01 FC:581

600.00 DP

PATENT
REEL: 012002 FRAME: 0347

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT ("AGREEMENT") is dated as of July 5, 2001, by and between GRAY MATTER HOLDINGS, LLC, a Delaware limited liability company ("PLEDGOR"), with its mailing address at 720 South Montford Avenue, Baltimore, Maryland 21224; and PROVIDENT BANK OF MARYLAND and PROVIDENT LEASE CORP., INC. (collectively, "LENDER"), with its mailing address at 114 East Lexington Street, 5th Floor, Baltimore, Maryland 21202.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, the PLEDGOR agrees with the LENDER as follows:

Section 1. Defined Terms. As used in this AGREEMENT, the terms set forth in this Section 1 have the meanings set forth below, unless the specific context of this AGREEMENT clearly requires a different meaning. Terms defined in this Section 1 or elsewhere in this AGREEMENT are in all capital letters throughout this AGREEMENT. The singular use of any defined term includes the plural and the plural use includes the singular.

Section 1.1 "EVENT OF DEFAULT" means any event, condition, or omission, which, after the expiration of any applicable rights of notice or cure, constitutes a violation or default under the LOAN DOCUMENTS or pursuant to any other agreement executed from time to time by the PLEDGOR to or for the benefit of the LENDER which evidences or relates or pertains to any of the OBLIGATIONS.

Section 1.2 "LOAN DOCUMENTS" means all agreements, instruments and documents, including without limitation, loan agreements, notes, guaranties, pledges, security agreements, assignments, and all other written matter, whether heretofore, now, or hereafter executed by or on behalf of the PLEDGOR to or for the benefit of the LENDER, or by any obligor for obligations guaranteed by the PLEDGOR to the LENDER. Without limitation to the foregoing, the term "LOAN DOCUMENTS" includes the Loan And Security Agreement of even date herewith between the PLEDGOR, BigBang Products, LLC, and the LENDER, as such Agreement may be hereafter amended.

Section 1.3 "OBLIGATIONS" means all duties of payment or performance now or hereafter due and owing to the LENDER by the PLEDGOR as a result of or in connection with any and all existing or future indebtedness, liability, or obligation of every kind and nature arising out of or related to any lease, credit accommodation, loan, letter of credit, guaranty, depository relationship, event, or occurrence, whether direct or indirect, absolute or contingent, primary or secondary, joint or several, unconditional or conditional, and all renewals, refinancings, extensions, substitutions, amendments, and modifications thereof, no matter when or how created, arising, evidenced, or acquired, whether or not

presently contemplated or anticipated, including but not limited to, all amounts of principal, interest, penalties, reimbursements, advancements, escrows, and fees.

Section 1.4 "PATENTS" means all right, title and interest of the PLEDGOR, whether now owned or existing or hereafter acquired or arising, in, to, under or by virtue of all patents and patent applications granted by or pending in the United States Patent and Trademark Office in the name of the PLEDGOR, including, without limitation, all of the inventions and improvements described or claimed therein, together with: (a) any reissues, divisions, continuations, continuations-in-part, certificates of re-examination and extensions thereof; (b) all present and future rights of the PLEDGOR under all present and future license agreements relating thereto, whether the PLEDGOR is licensee or licensor thereunder; (c) all income, royalties, damages and payments now or hereafter due or payable to the PLEDGOR thereunder or with respect thereto, including without limitation, damages and payments for past, present or future infringements thereof; (d) all present and future claims, causes of action, and rights to sue for past, present or future infringements thereof; (e) all general intangibles, proceeds and products related thereto; and (f) all rights corresponding thereto throughout the world. "PATENTS," as defined above shall include, without limitation, the United States patents and patent applications listed on Exhibit A attached hereto and incorporated herein by reference.

Section 2. Grant Of Security Interest. As security for the complete and timely payment, performance and satisfaction of all of the OBLIGATIONS, the PLEDGOR hereby mortgages, pledges, and hypothecates unto the LENDER and the LENDER'S successors and assigns, upon the following terms and conditions, and hereby grants to the LENDER and the LENDER'S successors and assigns, a security interest in and to all of the PLEDGOR'S right, title and interest in, under or by virtue of the PATENTS, whether now owned or existing or hereafter acquired, and in the products and proceeds thereof. The security interests granted by the PLEDGOR to the LENDER hereunder shall automatically attached to and include all rights to any PATENTS which are subsequently obtained by the PLEDGOR after the date of this AGREEMENT or to any licenses thereof. The PLEDGOR hereby irrevocably and unconditionally authorizes the LENDER to modify and amend from time to time this AGREEMENT and Exhibit A hereto to include any such additional PATENTS or licenses, without any further assent or signature of the PLEDGOR. Future advances are intended to be secured.

Section 3. Additional Patents. If, before the OBLIGATIONS shall have been satisfied in full, the PLEDGOR shall: (a) obtain rights to any PATENTS not listed on EXHIBIT A, or to any licenses relating to any such PATENTS; or (b) become entitled to the benefit of any PATENT not listed on EXHIBIT A hereto or to the benefit of any license renewal, the security interest of the LENDER granted hereunder shall automatically attach thereto and the other provisions of Section 2 shall automatically apply thereto and the PLEDGOR shall give prompt written notice thereof to the LENDER. The PLEDGOR irrevocably and unconditionally authorizes the LENDER to modify this AGREEMENT by amending Exhibit A to include any such additional PATENTS, without any further assent or signature of the PLEDGOR until the OBLIGATIONS have been satisfied in full. The

PLEDGOR shall, promptly after request by the LENDER, and at the PLEDGOR'S expense, execute and deliver to the LENDER, in form and content reasonably satisfactory to the LENDER and in proper form for filing in the United States Patent and Trademark Office, such security agreements, assignments or other documents as may be reasonably required by the LENDER in order to reflect of record the LENDER's interest therein pursuant to this AGREEMENT and the LOAN DOCUMENTS.

Section 4. Representations And Warranties. The PLEDGOR represents and warrants that: (a) Exhibit A hereto includes all PATENTS owned by the PLEDGOR as of the date hereof, each of the PATENTS described on Exhibit A is subsisting, valid, unexpired and enforceable, none of such PATENTS has been adjudged invalid, expired or unenforceable in whole or in part, and none of such PATENTS has been abandoned; (b) no claim has been made that the use of any of the PATENTS does or may violate the rights of any third person; (c) the PLEDGOR is the sole and exclusive owner of the entire unencumbered right, title and interest in and to each of the PATENTS, free and clear of any liens, charges and encumbrances, including without limitation pledges, security interests, assignments, licenses, franchise agreements, registered user agreements and covenants by the PLEDGOR not to sue third persons; (d) the PLEDGOR has the unqualified right to enter into this AGREEMENT and to perform its terms; and (e) the PLEDGOR has used, and will continue to use for the duration of this AGREEMENT, proper statutory notice and markings in connection with its making, using or selling goods and/or processes or methods covered by the PATENTS.

Section 5. Maintenance of Patents; Prosecution Of Applications And Proceedings. The PLEDGOR shall maintain the registration of the PATENTS, and shall take all actions necessary to maintain, preserve and continue the validity and enforceability of the PATENTS, including but not limited to the filing of applications for renewal, affidavits of use, affidavits of incontestability and institution and maintenance of opposition, concurrent use, interference and cancellation proceedings, and the payment of any and all application, renewal, extension or other fees. The PLEDGOR shall have the duty, through counsel acceptable to the LENDER, to prosecute diligently any PATENT applications of the PATENTS pending as of the date of this AGREEMENT or thereafter until the OBLIGATIONS shall have been paid in full, to make federal application on registrable but unregistered PATENTS, to file and prosecute opposition, concurrent use and cancellation proceedings and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the PATENTS. The PLEDGOR shall not, without the express written consent of the LENDER (which consent shall not be unreasonably withheld), sell or assign its interest in, or grant any license under, any of the PATENTS. The PLEDGOR shall not, without the LENDER'S prior written consent, enter into any agreement (for example, a license agreement) which is inconsistent with the PLEDGOR'S obligations under the LOAN DOCUMENTS, and the PLEDGOR further agrees that it shall 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 materially adversely affect the validity or enforcement of the rights transferred to the LENDER under this AGREEMENT. The PLEDGOR shall not abandon any PATENTS (including applications for PATENTS)

without the express written consent of the LENDER (which consent shall not be unreasonably withheld). Any expenses incurred in connection with the PATENTS shall be borne by the PLEDGOR. The PLEDGOR hereby agrees to reimburse and indemnify the LENDER for all damages, costs and expenses, including attorney's fees, incurred by the LENDER in the fulfillment of the provisions of this Section.

Section 6. Rights Upon The Occurrence Of An Event Of Default. Upon the occurrence of an EVENT OF DEFAULT, in addition to all other rights and remedies available under the LOAN DOCUMENTS or under applicable law, including but not limited to the rights of a secured party under the Uniform Commercial Code in effect from time to time in Maryland, the LENDER shall have the right at any time (but shall have no obligation) to: (a) take exclusive possession and/or place a custodian in exclusive possession of any or all of the PATENTS from time and to time; (b) take, in its name or in the name of the PLEDGOR or otherwise, such actions as the LENDER may, at any time or from time to time, deem necessary to maintain, protect, sell, liquidate, transfer, license, assign or otherwise dispose of or realize upon the PATENTS, upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk; (c) use, operate, manage, and control the PATENTS in any lawful manner; and (d) collect and receive all income, revenue, earnings, issues, and profits therefrom. Notice of any sale or other disposition shall be given to the PLEDGOR at least ten (10) days before the time of any intended public sale or of the time after which any intended private sale or other disposition of the COLLATERAL is to be made, which the PLEDGOR hereby agrees shall be commercially reasonable notice of such sale or other disposition. At any such sale or other disposition, the LENDER may, to the extent permissible under applicable law, purchase the whole or any part of the PATENTS, free from any right of redemption on the part of the PLEDGOR, which right is hereby waived and released to the extent lawfully permitted. The PLEDGOR shall remain liable for any deficiency if the proceeds of any sale or other disposition of the PATENTS are insufficient to pay in full the OBLIGATIONS and all costs and expenses, including reasonable attorneys' fees and disbursements, paid or incurred by the LENDER in collecting any such deficiency. The PLEDGOR hereby irrevocably and unconditionally authorizes and empowers the LENDER to make, constitute and appoint any officer or agent of the LENDER as the LENDER may select, in its exclusive discretion, as the PLEDGOR'S true and lawful attorney-in-fact, with the power to endorse or sign the PLEDGOR'S name on all applications, documents, papers and instruments necessary for the LENDER or the designee of the LENDER to: (i) own and use the PATENTS; (ii) grant or issue any exclusive or nonexclusive licenses under the PATENTS to any other person; (iii) assign, license, pledge, convey or otherwise transfer title in or dispose of the PATENTS to any other person on such terms and conditions as the LENDER shall in its sole discretion determine; (iv) demand, sue for compromise, settle and collect and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the PATENTS; (v) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or enforce any right in respect of the PATENTS; (vi) defend any suit, action or proceeding brought against the PLEDGOR with

respect to any of the PATENTS; (vii) settle, compromise or adjust any of the aforesaid suits, actions or proceedings and, in connection therewith, to give such discharges as the LENDER may deem appropriate; and (viii) do all acts and things which the LENDER deems necessary from time to time to protect, preserve or realize upon the PATENTS and the LENDER'S liens thereon and to effect the intent of this AGREEMENT. The PLEDGOR hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this AGREEMENT, and is intended by the PLEDGOR to be a power of attorney coupled with an interest. All of the LENDER'S rights and remedies with respect to the PATENTS, whether established by this AGREEMENT, by any LOAN DOCUMENT, or by law shall be cumulative and may be exercised singularly or concurrently.

Section 7. No Duty Imposed Upon Lender. The powers conferred upon the LENDER hereunder are solely to protect the interest of the LENDER in the PATENTS and shall not impose any duty upon the LENDER to exercise any such powers.

Section 8. Patent And Trademark Office And Third Parties May Rely Upon Pledgor's Authorizations To Lender. If the LENDER shall elect to exercise any of its rights hereunder, the United States Patent and Trademark Office shall have the right to rely upon the LENDER'S written statement of the LENDER'S right to sell, assign, license and transfer the PATENTS and the PLEDGOR hereby irrevocably and unconditionally authorizes the United States Patent and Trademark Office to recognize such sale by the LENDER either in the PLEDGOR'S name or in the LENDER'S name without the necessity or obligation of the United States Patent and Trademark Office to ascertain the existence of any default by the PLEDGOR under the LOAN DOCUMENTS.

Section 9. Costs And Expenses. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorney's fees and legal expenses incurred by the LENDER in connection with the preparation of this AGREEMENT and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or any other fees incurred in otherwise protecting, maintaining or preserving the PATENTS, or in defending or prosecuting any actions or proceedings arising out of or related to the PATENTS, shall be borne and paid by the PLEDGOR on demand by the LENDER and until so paid shall be added to the principal amount of the OBLIGATIONS and shall bear interest at the highest rate in effect from time to time under the LOAN DOCUMENTS.

Section 10. Notices. Notices that are required or permitted to be delivered hereunder shall be sufficient if in writing and sent to the addresses set forth in the LOAN DOCUMENTS, in the manner and within the time specified in the LOAN DOCUMENTS.

Section 11. No Further Assignment. The PLEDGOR shall not further assign, transfer, license or convey its interests in the PATENTS without the prior written consent of the LENDER.

Section 12. Further Assurances. The PLEDGOR shall promptly do, make, execute and deliver all such further and additional acts, things, deeds, assurances, instruments and documents considered reasonably necessary, appropriate or proper by the LENDER to vest in, effectuate assure to the LENDER its rights under this AGREEMENT or in any of the PATENTS. The PLEDGOR hereby constitutes the LENDER its attorney-in-fact to execute and file all such additional instruments and documents for the foregoing purposes, all lawful acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable until the OBLIGATIONS have been satisfied in full and there exists no contingent or noncontingent commitment which could give rise to any OBLIGATIONS.

Section 13. Amendment. The terms and conditions of this AGREEMENT may be modified, altered, waived, or amended only by a writing executed by the LENDER consenting to the modification, alteration, waiver, or amendment.

Section 14. Choice Of Law. This AGREEMENT shall be construed according to the laws of the State of Maryland. All parties hereto consent to the jurisdiction and venue of the courts of the State of Maryland in any action to enforce, construe or interpret this AGREEMENT.

Section 15. Severability. If any of the provisions of this AGREEMENT are judicially determined to be in conflict with any law of the State of Maryland or otherwise judicially determined to be unenforceable for any reason whatsoever, such provision shall be deemed null and void to the extent of such unenforceability but shall be deemed separable from and shall not invalidate any other provision of this AGREEMENT.

Section 16. Successors And Assigns. The terms, covenants and conditions contained in this AGREEMENT shall inure to the benefit of the LENDER and its successors and assigns, and shall be binding upon the PLEDGOR and its successors and assigns.

Section 17. Waiver Of Jury Trial. The PLEDGOR and the LENDER each agree that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any successor or assign of any party hereto, with respect to this AGREEMENT, the LOAN DOCUMENTS, or any other document or agreement which in any way relates, directly or indirectly, to this AGREEMENT, the LOAN DOCUMENTS, the OBLIGATIONS or any event, transaction or occurrence arising out of or in any way connected with this AGREEMENT, the LOAN DOCUMENTS, any of the OBLIGATIONS, or the dealings of the parties with respect thereto, shall be tried only by a court, and not by a jury. **THE PLEDGOR AND THE LENDER HEREBY EXPRESSLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION, OR PROCEEDING.**

The PLEDGOR acknowledges and agrees that this provision is a specific and material aspect of the agreement between the parties hereto and that the LENDER would not enter into the subject transactions if this provision were not part of this AGREEMENT.


IN WITNESS WHEREOF, the PLEDGOR has executed this AGREEMENT as of the date first above written with the specific intention of creating an instrument under seal.

WITNESS/ATTEST:

PLEDGOR:

GRAY MATTER HOLDINGS, LLC,
A Delaware Limited Liability Company

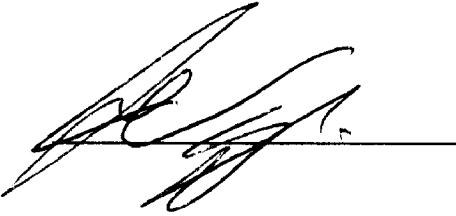



By:  (SEAL)
Name: G. Mason
Title: CFO
Date: July 5, 2001

WITNESS/ATTEST:

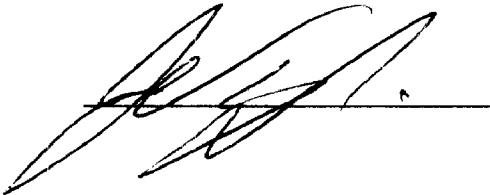
LENDER:

PROVIDENT BANK OF MARYLAND



By:  (SEAL)
Name: Michael Cox
Title: Vice President
Date: July 5, 2001

PROVIDENT LEASE CORP., INC.




By:  (SEAL)
Name: Michael Cox
Title: Vice President
Date: July 5, 2001

EXHIBIT "A"
Schedule Of Patents

<u>PATENT</u>	<u>REGISTRATION NO.</u>	<u>ISSUE DATE</u>
Self Opening Towel	6,170,100	January 9, 2001
Towel with Pillow	D426,415	June 13, 2001
Seat Liner	D425,357	January 14, 1999
Remotely Controlled Aircraft	6,145,789	November 14, 2000
Ear Protection Device	5,835,609	November 10, 1998

<u>PATENT</u>	<u>SERIAL NO.</u>	<u>FILING DATE</u>
Towel Mat with a Frame Member and Removably Attached Membranes	09/533,963	March 23, 2000
Collapsible Shade for a Towel Mat	09/232,946	August 4, 2000
Self Opening Shades and Methods of Using Same	09/764,059	January 19, 2001
Collapsible Support and Methods of Using Same	09/797,948	March 5, 2001
Mat with Pillow	29/137,269	February 6, 2001
Mat with Inflatable Pillow	29/136,636	February 6, 2001
Mat with Pillow and Body Portion	29/136,638	February 6, 2001
Remotely Controlled Aircraft	09/045,994	March 23, 1998
Remotely Controlled Aircraft	09/489,149	January 21, 2000 Issued 5/4/2001
Apparatus and Method for Making an Ear Warmer having Interior Seams	09/521,241	April 5, 2000