

08-15-2001



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

101812102

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

1. Name of conveying party(ies):
Cognet Corp.
465 Columbus Avenue
Valhalla, NY 10595

8-7-01

2. Name and address of receiving party(ies)
Name: SI Venture Fund II, L.P., as
Collateral Agent
Internal Address: _____

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

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other Collateral Assignment and
Security Agreement

Street Address: 12600 Gateway Boulevard

City: Fort Myers State: FL Zip: 33913

Execution Date: 7/30/01

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)
09/478,461

B. Patent No.(s)
5,933,647
6,117,188

Additional numbers attached? Yes No

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

Name: Patricia C. Gagnon, RP

Internal Address: Shipman & Goodwin LLP

Street Address: One American Row

City: Hartford State: CT Zip: 06103

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 120.00

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.

Donna L. Brooks
Name of Person Signing

Donna L. Brooks
Signature

8-7-01
Date

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

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

08/15/2001 TBIAZI 0000037 09478461

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120.00 DP

PATENT
REEL: 012059 FRAME: 0351

PATENT COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (this "Agreement") dated as of July 30, 2001, by and among **COGNET CORP.**, a New York corporation having its principal place of business at 465 Columbus Avenue, Valhalla, New York 10595 (the "Assignor"), the holders of the Notes listed on **Schedule A** attached hereto, as may be amended from time to time (collectively, the "Investors"), and SI Venture Fund II, L.P., in its capacity as collateral agent for the Investors (the "Collateral Agent").

WHEREAS, the Assignor, the Investors and the Collateral Agent are parties to a Note and Warrant Purchase and Security Agreement of even date (as amended and in effect from time to time, the "Purchase and Security Agreement"), pursuant to which the Assignor has agreed to issue certain convertible demand promissory notes to the Investors in the aggregate principal amount of up to \$2,000,000 (the "Notes");

WHEREAS, it is a condition precedent to the Investors' purchase of the Notes that the Assignor execute and deliver this Agreement;

WHEREAS, pursuant to the Purchase and Security Agreement the Assignor has granted to the Investors a security interest in certain of the Assignor's personal property and fixture assets, including without limitation the patents and patent applications listed on **Schedule B** attached hereto, all to secure the payment and performance of the Obligations (as defined below); and

WHEREAS, this Agreement is supplemental to the provisions contained in the Purchase and Security Agreement;

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS.

The following terms shall have the meanings set forth in this §1 or elsewhere in this Agreement referred to below:

Event of Default. Shall have the same meaning as ascribed to that term in the Purchase and Security Agreement.

Agreement. This Patent Collateral Assignment and Security Agreement, as amended and in effect from time to time.

Collateral. Shall have the same meaning ascribed to that term in the Purchase and Security Agreement.

Obligations. Shall have the same meaning as ascribed to that term in the Purchase and Security Agreement.

Patent Collateral. All of the Assignor's right, title and interest in and to all of the Patents, the Patent License Rights, and all other Patent Rights, and all additions, improvements, and accessions to, all substitutions for and replacements of, and all products and Proceeds (including insurance proceeds) of any and all of the foregoing, and all books and records and technical information and data describing or used in connection with any and all such rights, interests, assets or property.

Patent License Rights. Any and all past, present or future rights and interests of the Assignor pursuant to any and all past, present and future licensing agreements in favor of the Assignor, or to which the Assignor is a party, pertaining to any Patents, or Patent Rights, owned or used by third parties in the past, present or future, including the right in the name of the Assignor or the Collateral Agent on behalf of the Investors to enforce, and sue and recover for, any past, present or future breach or violation of any such agreement.

Patent Rights. Any and all past, present or future rights in, to and associated with the Patents throughout the world, whether arising under federal law, state law, common law, foreign law, or otherwise, including but not limited to the following: all such rights arising out of or associated with the Patents; the right (but not the obligation) to register claims under any federal, state or foreign patent law or regulation; the right (but not the obligation) to sue or bring opposition or bring cancellation proceedings in the name of the Assignor or the Collateral Agent on behalf of the Investors for any and all past, present and future infringements of or any other damages or injury to the Patents or the Patent Rights, and the rights to damages or profits due or accrued arising out of or in connection with any such past, present or future infringement, damage or injury; and the Patent License Rights.

Patents. All patents and patent applications, whether United States or foreign, that are owned by the Assignor or in which the Assignor has any right, title or interest, now or in the future, including but not limited to:

- (a) the patents and patent applications listed on Schedule B hereto (as the same may be amended pursuant hereto from time to time);
- (b) all letters patent of the United States or any other country, and all applications for letters patent of the United States or any other country;
- (c) all re-issues, continuations, divisions, continuations-in-part, renewals or extensions thereof;

(d) the inventions disclosed or claimed therein, including the right to make, use, practice and/or sell (or license or otherwise transfer or dispose of) the inventions disclosed or claimed therein; and

(e) the right (but not the obligation) to make and prosecute applications for such Patents.

Proceeds. Any consideration received from the sale, exchange, license, lease or other disposition or transfer of any right, interest, asset or property which constitutes all or any part of the Patent Collateral, any value received as a consequence of the ownership, possession, use or practice of any Patent Collateral, and any payment received from any insurer or other person or entity as a result of the destruction or the loss, theft or other involuntary conversion of whatever nature of any right, interest, asset or property which constitutes all or any part of the Patent Collateral.

PTO. The United States Patent and Trademark Office.

2. GRANT OF COLLATERAL ASSIGNMENT AND SECURITY INTEREST.

2.1. Security Interest; Assignment of Patents. As collateral security for the payment and performance in full of all of the Obligations, the Assignor hereby unconditionally grants to the Collateral Agent for the ratable benefit of the Investors a continuing security interest in and first priority lien on the Patent Collateral, and pledges and mortgages (but does not transfer title to) the Patent Collateral to the Collateral Agent. In addition, the Assignor has executed in blank and delivered to the Collateral Agent an assignment of federally registered patents in substantially the form of Exhibit 1 hereto (the "Assignment of Patents"). The Assignor hereby authorizes the Collateral Agent to complete as assignee and record with the PTO the Assignment of Patents upon the occurrence and during the continuance of an Event of Default and the proper exercise of the Collateral Agent's remedies under this Agreement and the Purchase and Security Agreement.

2.2. Collateral Assignment. In addition to, and not by way of limitation of, the grant, pledge and mortgage of the Patent Collateral provided in Section 2.1, the Assignor grants, assigns, transfers, conveys and sets over to the Collateral Agent the Assignor's entire right, title and interest in and to the Patent Collateral; provided that such grant, assignment, transfer and conveyance shall be and become of force and effect only (i) upon or after the occurrence and during the continuance of an Event of Default and (ii) either (A) upon the written demand of the Collateral Agent at any time during such continuance or (B) immediately and automatically (without notice or action of any kind by the Collateral Agent) upon an Event of Default for which acceleration of the indebtedness outstanding under the Notes is automatic under the Notes or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Purchase and Security

Agreement and applicable law (including the transfer or other disposition of Collateral by the Assignor to the Collateral Agent or its nominee in lieu of foreclosure).

2.3. Supplemental to Purchase and Security Agreement. Pursuant to the Purchase and Security Agreement, the Assignor has granted to the Collateral Agent a continuing security interest in and lien on the Collateral (including the Patent Collateral). The Purchase and Security Agreement, and all rights and interests of the Investors in and to the Collateral (including the Patent Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Patent Collateral hereunder, or the recordation of this Agreement (or any document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Purchase and Security Agreement, the security interest of the Collateral Agent in the Collateral (including the Patent Collateral) pursuant to the Purchase and Security Agreement and this Agreement, the attachment and perfection of such security interest under the Uniform Commercial Code (including the security interest in the Patent Collateral), or any present or future rights and interests of the Collateral Agent in and to the Collateral under or in connection with the Purchase and Security Agreement, this Agreement or the Uniform Commercial Code. Any and all rights and interests of the Collateral Agent in and to the Patent Collateral (and any and all obligations of the Assignor with respect to the Patent Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Collateral Agent (and the obligations of the Assignor) in, to or with respect to the Collateral (including the Patent Collateral) provided in or arising under or in connection with the Purchase and Security Agreement and shall not be in derogation thereof. THE COLLATERAL AGENT AND INVESTORS ASSUME NO LIABILITY ARISING IN ANY WAY BY REASON OF THEIR HOLDING SUCH COLLATERAL SECURITY.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Assignor represents, warrants and covenants that: (i) Schedule B attached hereto sets forth a true and complete list of all the patents, rights to patents and patent applications now owned, licensed, controlled or used by the Assignor; (ii) the issued Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and there is no litigation or proceeding pending concerning the validity or enforceability of the issued Patents; (iii) to the best of the Assignor's knowledge, each of the issued Patents is valid and enforceable; (iv) to the best of the Assignor's knowledge, there is no infringement by others of the issued Patents or Patent Rights; (v) no claim has been made that the use of any of the Patents does or may violate the rights of any third person, and to the best of the Assignor's knowledge there is no infringement by the Assignor of the patent rights of others; (vi) the Assignor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents (other than ownership and other rights reserved by third party owners with respect to Patents which the Assignor is licensed to practice or use and excluding rights granted to others under existing licenses of the Patents set forth on Schedule C), free and clear of any liens,

charges, encumbrances and adverse claims, including without limitation pledges, assignments, licenses, shop rights and covenants by the Assignor not to sue third persons, other than the security agreement and mortgage created by the Purchase and Security Agreement and this Agreement; (vii) the Assignor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents, consultants, licensors and licensees which will enable it to comply with the covenants herein contained; (viii) this Agreement, together with the Purchase and Security Agreement, will create in favor of the Collateral Agent a valid and perfected first priority security interest in the Patent Collateral upon making the filings referred to in clause (ix) of this Section 3; and (ix) except for the filing of financing statements with the New York Department of State and Westchester County Clerk under the Uniform Commercial Code applicable in those states and the filing of this Agreement or a financing statement with the PTO, no authorization, approval or other action by, and no notice to or filing with, any governmental or regulatory authority, agency or office is required either (1) for the grant by the Assignor or the effectiveness of the security interest and assignment granted hereby or for the execution, delivery and performance of this Agreement by the Assignor, or (2) for the perfection of or the exercise by the Investors of any of their rights and remedies hereunder.

4. NO TRANSFER OR INCONSISTENT AGREEMENTS.

Without the Collateral Agent's prior written consent and except for (i) existing licenses of the Patent Collateral to those parties set forth on Schedule C and (ii) licenses of the Patent Collateral granted after the date hereof in the ordinary course of the Assignor's business consistent with its past practices, the Assignor will not (a) mortgage, pledge, assign, encumber, grant a security interest in, transfer, license or alienate any of the Patent Collateral, or (b) enter into any agreement (for example, a license agreement) that is inconsistent with the Assignor's obligations under this Agreement or the Purchase and Security Agreement.

5. AFTER-ACQUIRED PATENTS, ETC.

5.1. After-acquired Patents. If, before the Obligations shall have been finally paid and satisfied in full, the Assignor shall obtain any right, title or interest in or to any other or new patents, patent applications or patentable inventions, or become entitled to the benefit of any patent application or patent or any reissue, division, continuation, renewal, extension, or continuation-in-part of any of the Patent Collateral or any improvement on any of the Patent Collateral, the provisions of this Agreement shall automatically apply thereto and the Assignor shall promptly give to the Collateral Agent notice thereof in writing and execute and deliver to the Collateral Agent such documents or instruments as the Collateral Agent may reasonably request further to implement, preserve or evidence the Collateral Agent's interest therein.

5.2. Amendment to Schedule. The Assignor authorizes the Collateral Agent to modify this Agreement, without the necessity of the Assignor's further approval or signature, by amending Schedule B and the Annex to the Assignment of Patents hereto to include any future or other Patents or Patent Rights under Section 2 or Section 5 hereof.

6. PATENT PROSECUTION.

6.1. Assignor Responsible. The Assignor shall assume full and complete responsibility for the prosecution, grant, enforcement or any other necessary or desirable actions in connection with the Patent Collateral, and shall hold the Collateral Agent and Investors harmless from any and all costs, damages, liabilities and expenses which may be incurred by the Collateral Agent and Investors in connection with the Collateral Agent's interest in any of the Patent Collateral or any other action or failure to act in connection with this Agreement or the transactions contemplated hereby. In respect of such responsibility, the Assignor shall retain patent counsel acceptable to the Collateral Agent.

6.2. Assignor's Duties, etc. The Assignor shall have the duty, through patent counsel acceptable to the Collateral Agent, to prosecute diligently any patent applications of the Patents pending as of the date of this Agreement or thereafter, to make application for unpatented but reasonably patentable inventions and to preserve and maintain all rights in the Patents, including without limitation the payment when due of all maintenance fees and other fees, taxes and other expenses which shall be incurred or which shall accrue with respect to any of the Patents except as Assignor may drop patents rights in the ordinary course of business. Any expenses incurred in connection with such applications and actions shall be borne by the Assignor. The Collateral Agent hereby appoints the Assignor as its agent for all matters referred to in the foregoing provisions of this Section 6 and agree to execute any documents necessary to confirm such appointment. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may terminate such agency by providing written notice of termination to the Assignor.

6.3. Assignor's Enforcement Rights. The Assignor shall have the right, with the consent of the Collateral Agent, which shall not be unreasonably withheld, to bring suit or other action in the Assignor's own name to enforce the Patents and the Patent Rights. The Collateral Agent and Investors shall be required to join in such suit or action as may be necessary to assure the Assignor's ability to bring and maintain any such suit or action in any proper forum so long as the Collateral Agent is completely satisfied that such joinder will not subject any of them to any risk of liability. The Assignor shall promptly, upon demand, reimburse and indemnify the Collateral Agent and Investors for all damages, costs and expenses, including legal fees, incurred by the Collateral Agent and Investors pursuant to this Section 6.

6.4. Protection of Patents, etc. In general, the Assignor shall take any and all such actions (including but not limited to institution and maintenance of suits, proceedings or actions) as may be necessary or appropriate to properly maintain, protect, preserve,

care for and enforce the Patent Collateral except that Assignor may drop patent rights in the ordinary course of business. The Assignor shall not take or fail to take any action, nor permit any action to be taken or not taken by others under its control, which would affect the validity, grant or enforcement of any of the Patent Collateral other than patent rights dropped in the ordinary course of business.

6.5. Notification by Assignor. Promptly upon obtaining knowledge thereof, the Assignor will notify the Collateral Agent in writing of the institution of, or any final adverse determination in, any proceeding in the PTO or any similar office or agency of the United States or any foreign country, or any court, regarding the validity of any of the Patents or the Assignor's rights, title or interests in and to any of the Patent Collateral, and of any event which does or reasonably could materially adversely affect the value of any of the Patent Collateral, the ability of the Assignor or the Collateral Agent to dispose of any of the Patent Collateral or the rights and remedies of the Collateral Agent in relation thereto (including but not limited to the levy of any legal process against any of the Patent Collateral).

7. REMEDIES.

If any Event of Default shall have occurred and be continuing, then upon notice by the Collateral Agent to the Assignor: (i) the Assignor shall immediately cease and desist from the practice, manufacture, use and sale of the inventions claimed, disclosed or covered by the Patents; and (ii) the Collateral Agent shall have, in addition to all other rights and remedies given it by this Agreement (including, without limitation, those set forth in Section 2.2), the Purchase and Security Agreement, and any other related financing documents, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction and, without limiting the generality of the foregoing, the Collateral Agent for the ratable benefit of the Investors may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to the Assignor, all of which are hereby expressly waived, and without advertisement, sell or license at public or private sale or otherwise realize upon the whole or from time to time any part of the Patent Collateral, or any interest which the Assignor may have therein, and after deducting from the proceeds of sale or other disposition of the Patent Collateral all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds toward the payment of the Obligations. Notice of any sale, license or other disposition of any of the Patent Collateral shall be given to the Assignor at least five (5) days before the time that any intended public sale or other disposition of such Patent Collateral is to be made or after which any private sale or other disposition of such Patent Collateral may be made, which the Assignor hereby agrees shall be reasonable notice of such public or private sale or other disposition. At any such sale or other disposition, the Collateral Agent and Investors may, to the extent permitted under applicable law, purchase or license the whole or any part of the Patent Collateral or interests therein sold, licensed or otherwise disposed of.

8. COLLATERAL PROTECTION.

If the Assignor shall fail to do any act that it has covenanted to do hereunder, or if any representation or warranty of the Assignor shall be breached, the Collateral Agent, in its own name or that of the Assignor (in the sole discretion of the Collateral Agent), may (but shall not be obligated to) do such act or remedy such breach (or cause such act to be done or such breach to be remedied), and the Assignor agrees promptly to reimburse the Collateral Agent for any cost or expense incurred by the Collateral Agent in so doing.

9. POWER OF ATTORNEY.

If any Event of Default shall have occurred and be continuing, the Assignor does hereby make, constitute and appoint the Collateral Agent (and any officer or agent of the Collateral Agent as it may select in its exclusive discretion) as the Assignor's true and lawful attorney-in-fact, with the power to endorse the Assignor's name on all applications, documents, papers and instruments necessary for the Collateral Agent to use any of the Patent Collateral, to practice, make, use or sell the inventions disclosed or claimed in any of the Patent Collateral, to grant or issue any exclusive or nonexclusive license of any of the Patent Collateral to any third person, or necessary for the Collateral Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Patent Collateral or any part thereof or interest therein to any third person, and, in general, to execute and deliver any instruments or documents and do all other acts which the Assignor is obligated to execute and do hereunder. The Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof, and releases the Investors and the Collateral Agent from any claims, liabilities, causes of action or demands arising out of or in connection with any action taken or omitted to be taken by the Collateral Agent under this power of attorney (except for the Collateral Agent's gross negligence or willful misconduct). This power of attorney is coupled with an interest and shall be irrevocable for the duration of this Agreement.

10. FURTHER ASSURANCES.

The Assignor shall, at any time and from time to time, and at its expense, make, execute, acknowledge and deliver, and file and record as necessary or appropriate with governmental or regulatory authorities, agencies or offices, such agreements, assignments, documents and instruments, and do such other and further acts and things (including, without limitation, obtaining consents of third parties), as the Collateral Agent may request or as may be necessary or appropriate in order to implement and effect fully the intentions, purposes and provisions of this Agreement, or to assure and confirm to the Collateral Agent the grant, perfection and priority of the Collateral Agent's security interest in any of the Patent Collateral.

11. TERMINATION.

At such time as all of the Obligations have been finally paid and satisfied in full, this Agreement shall terminate and the Collateral Agent shall, upon the written request and at the expense of the Assignor, execute and deliver to the Assignor all deeds, assignments and other instruments as may be necessary or proper to reassign and reconvey to and re-vest in the Assignor the entire right, title and interest to the Patent Collateral previously granted, assigned, transferred and conveyed to the Collateral Agent by the Assignor pursuant to this Agreement, as fully as if this Agreement had not been made, subject to any disposition of all or any part thereof which may have been made by the Collateral Agent pursuant to the Purchase and Security Agreement, this Agreement or otherwise.

12. COURSE OF DEALING.

No course of dealing among the Assignor and the Collateral Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Collateral Agent, any right, power or privilege hereunder or under the Purchase and 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.

13. EXPENSES.

Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by the Collateral Agent in connection with the preparation of this Agreement and all other documents relating hereto, the consummation of the transactions contemplated hereby or the enforcement hereof, 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 otherwise protecting, maintaining or preserving any of the Patent Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to any of the Patent Collateral, shall be borne and paid by the Assignor.

14. OVERDUE AMOUNTS.

Until paid, all amounts due and payable by the Assignor hereunder shall be a debt secured by the Patent Collateral and other Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Notes.

15. NO ASSUMPTION OF LIABILITY; INDEMNIFICATION.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE INVESTORS AND COLLATERAL AGENT ASSUME NO LIABILITIES OF THE ASSIGNOR WITH RESPECT TO ANY CLAIM OR CLAIMS REGARDING

THE ASSIGNOR'S OWNERSHIP OR PURPORTED OWNERSHIP OF, OR RIGHTS OR PURPORTED RIGHTS ARISING FROM, ANY OF THE PATENT COLLATERAL OR ANY PRACTICE, USE, LICENSE OR SUBLICENSE THEREOF, OR ANY PRACTICE, MANUFACTURE, USE OR SALE OF ANY OF THE INVENTIONS DISCLOSED OR CLAIMED THEREIN, WHETHER ARISING OUT OF ANY PAST, CURRENT OR FUTURE EVENT, CIRCUMSTANCE, ACT OR OMISSION OR OTHERWISE. ALL OF SUCH LIABILITIES SHALL BE EXCLUSIVELY BORNE BY THE ASSIGNOR, AND THE ASSIGNOR SHALL INDEMNIFY THE INVESTORS AND COLLATERAL AGENT FOR ANY AND ALL COSTS, EXPENSES, DAMAGES AND CLAIMS, INCLUDING LEGAL FEES, INCURRED BY THE INVESTORS AND COLLATERAL AGENT WITH RESPECT TO SUCH LIABILITIES.

16. RIGHTS AND REMEDIES CUMULATIVE.

All of the Investors rights and remedies with respect to the Patent Collateral, whether established hereby, by the Purchase and Security Agreement or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. This Agreement is supplemental to the Purchase and Security Agreement, and nothing contained herein shall in any way derogate from any of the rights or remedies of the Collateral Agent contained therein. Nothing contained in this Agreement shall be deemed to extend the time of attachment or perfection of or otherwise impair the security interest in any of the Patent Collateral granted to the Collateral Agent under the Purchase and Security Agreement.

17. NOTICES.

Any notice required or permitted by this Agreement shall be in writing and shall be deemed effectively given: (a) upon actual delivery, when delivered personally; (b) upon receipt when sent by confirmed telegram or fax if sent during normal business hours, and if not, then on the next business day; (c) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (d) five (5) business days after being deposited in the U.S. mail, as certified or registered mail, return receipt requested, postage prepaid. All communications shall be sent to the parties hereto at the addresses as set forth below or at such other address as the parties hereto may designate by ten (10) days advance written notice to the other parties hereto:

(a) if to the Assignor,

Cognet Corp.
465 Columbus Avenue
Valhalla, NY 10595
Attention: Chief Executive Officer

(b) if to the Collateral Agent or any Investor, at the address set forth below such person's name on Schedule A attached hereto.

18. AMENDMENT AND WAIVER.

This Agreement may not be amended or modified orally, but only by an instrument in writing executed on behalf of the Assignor and a Majority-in-Interest of the Investors (as defined in the Purchase and Security Agreement), except as provided in Section 5.2. The Collateral Agent shall not be deemed to have waived any right hereunder unless such waiver shall be in writing and signed by the Collateral Agent. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. Notwithstanding anything to the contrary in this Agreement, if the Company shall issue additional Notes pursuant to the Purchase Agreement, any purchaser of such Notes may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and such purchaser shall be deemed an "Investor" hereunder.

19. GOVERNING LAW; CONSENT TO JURISDICTION.

THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CONNECTICUT (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW). The Assignor agrees that any suit for the enforcement of this Agreement may be brought in the courts of the State of Connecticut or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Assignor by mail at the address specified in Section 17. The Assignor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

20. WAIVER OF JURY TRIAL.

THE ASSIGNOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS PATENT AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Assignor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Assignor (i) certifies that none of the Investors nor any representative, agent or attorney of the Investors (including the Collateral Agent) has represented, expressly or otherwise, that they would not, in the event of litigation, seek to enforce the foregoing waivers, and (ii) acknowledges that, in entering into the Purchase and Security Agreement and the other agreements and instruments related thereto to which the Collateral Agent and Investors are a party, the Collateral Agent and Investors are

relying upon, among other things, the waivers and certifications contained in this Section 20.

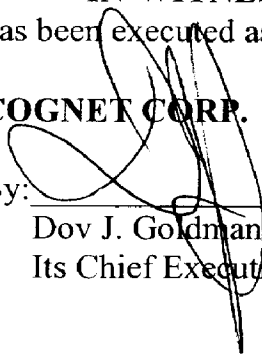
21. MISCELLANEOUS.

The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Assignor and its successors and assigns, and shall inure to the benefit of the Collateral Agent and Investors and their respective successors and assigns. In the event of any irreconcilable conflict between the provisions of this Agreement and the Purchase and Security Agreement, the Purchase and Security Agreement shall control. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Assignor acknowledges receipt of a copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Patent Collateral Assignment and Security Agreement has been executed as of the day and year first above written.

COGNET CORP.

By: 

Dov J. Goldman
Its Chief Executive Officer

INVESTORS:

SI VENTURE FUND II, L.P. (and as collateral agent)

By: SI Venture Management II, L.L.C.
Its General Partner

By: _____
Name:
Title: Managing Member

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name: Thomas I. Unterberg
Title: Managing Member of the
General Partner

FCPR CDC-INNOVATION 2000

By: CDC-Innovation Partners
Its Management Company

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II-Q, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name:
Title:

By: _____
Name: Thomas I. Unterberg
Title: Managing Member of the
General Partner

IN WITNESS WHEREOF, this Patent Collateral Assignment and Security Agreement has been executed as of the day and year first above written.

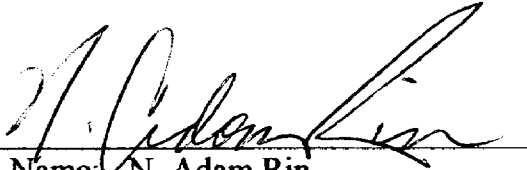
COGNET CORP.

By: _____
Its

INVESTORS:

SI VENTURE FUND II, L.P. (and as collateral agent)

By: SI Venture Management II, L.L.C.
Its General Partner

By: 
Name: N. Adam Rin
Title: Managing Member

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name: Thomas I. Unterberg
Title: Managing Member of the General Partner

FCPR CDC-INNOVATION 2000

By: CDC-Innovation Partners
Its Management Company

By: _____
Name:
Title:

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II-Q, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name: Thomas I. Unterberg
Title: Managing Member of the General Partner

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By: _____
Its

INVESTORS:

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By: SI Venture Management II, L.L.C.
Its General Partner

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name:
Title: Managing Member

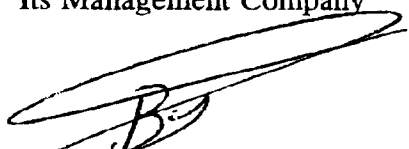
By: _____
Name: Thomas I. Unterberg
Title: Managing Member of the General Partner

FCPR CDC-INNOVATION 2000

By: CDC-Innovation Partners
Its Management Company

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II-Q, L.P.

By: UTCM, LLC
Its General Partner

By: 
Name: BALTISSSE
Title: Director

By: _____
Name: Thomas I. Unterberg
Title: Managing Member of the General Partner

Le soussigné Me Sylvie BURTHEMIQUE
notaire associé à Paris, certifié véritable
La signature de N. Janel BALTISSSE
Apposée ci-dessus, ci-contre, et dessous
Après présentation de la ENTON PASSEPORT
N° 920 399 02 94 2 1
Délivré le 17 Décembre 1999
Par Sous-Préfecture Boulgne Billancourt
Sans aucune certification du contenu
Ni des effets du présent document



IN WITNESS WHEREOF, this Patent Collateral Assignment and Security Agreement has been executed as of the day and year first above written.

COGNET CORP.

By: _____
Its

INVESTORS:


SI VENTURE FUND II, L.P. (and as collateral agent)

By: SI Venture Management II, L.L.C.
Its General Partner

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name:
Title: Managing Member

By:  _____
Name: Thomas I. Unterberg
Title: Managing Member of the General Partner

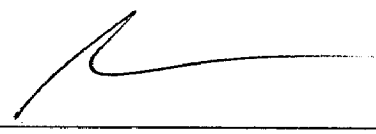
FCPR CDC-INNOVATION 2000

By: CDC-Innovation Partners
Its Management Company

C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II-Q, L.P.

By: UTCM, LLC
Its General Partner

By: _____
Name:
Title:

By:  _____
Name: Thomas I. Unterberg
Title: Managing Member of the General Partner

CERTIFICATE OF ACKNOWLEDGMENT

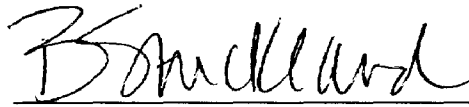
STATE OF CONNECTICUT

ss. Stamford

COUNTY OF FAIRFIELD

Before me, the undersigned, this 30th day of July, 2001 personally appeared Dov J. Goldman, known to me to be the Chief Executive Officer of Cognet Corp., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said corporation.

In Witness Whereof, I hereunto set my hand.



BRENDA STRICKLAND
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2003

STATE OF _____

COUNTY OF _____

Before me, the undersigned, this ____ day of July, 2001 personally appeared _____, known to me to be a managing director of SI Venture Management II, L.L.C., the general partner of SI Venture Fund II, L.P., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said entity.

In Witness Whereof, I hereunto set my hand.

Notary Public
My Commission Expires:

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF NEW YORK

COUNTY OF _____

Before me, the undersigned, this ____ day of July, 2001 personally appeared _____, known to me to be the _____ of Cognet Corp., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said corporation.

In Witness Whereof, I hereunto set my hand.

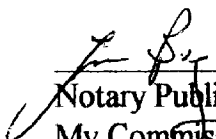
Notary Public
My Commission Expires:

STATE OF CT

COUNTY OF Fairfield

Before me, the undersigned, this 27th day of July, 2001 personally appeared *N. Adam Rin*, known to me to be a managing director of SI Venture Management II, L.L.C., the general partner of SI Venture Fund II, L.P., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said entity.

In Witness Whereof, I hereunto set my hand.



Notary Public
My Commission Expires:

COUNTRY OF FRANCE

COUNTY OF _____

Before me, the undersigned, this ____ day of July, 2001 personally appeared _____, known to me to be the _____ of CDC-Innovation Partners, the management company for FCPR CDC-INNOVATION 2000, and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said entity.

In Witness Whereof, I hereunto set my hand.

Notary Public
My Commission Expires:

STATE OF NEW YORK

COUNTY OF New York

Before me, the undersigned, this 27 day of July, 2001 personally appeared Thomas I. Unterberg, known to me to be the managing member of UTCM, LLC, the general partner of C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II, L.P., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said entity.

In Witness Whereof, I hereunto set my hand.



Notary Public
My Commission Expires:

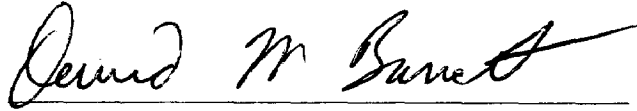
DAVID M. BARRETT
Notary Public, State of New York
No. 01BA6015691
Qualified in Suffolk County
Commission Expires Nov. 2, 2002

STATE OF NEW YORK

COUNTY OF New York

Before me, the undersigned, this 27 day of July, 2001 personally appeared Thomas I. Unterberg, known to me to be the managing member of UTCM, LLC, the general partner of C.E. UNTERBERG, TOWBIN PRIVATE EQUITY PARTNERS II-Q, L.P., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said entity.

In Witness Whereof, I hereunto set my hand.



Notary Public
My Commission Expires:

DAVID M. BARRETT
Notary Public, State of New York
No. 01BA6015691
Qualified in Suffolk County
Commission Expires Nov. 2, 2002

SCHEDULE A

Name and Address

SI Venture Fund II, L.P. (as Investor and Collateral Agent)
12600 Gateway Boulevard
Fort Myers, Florida 33913
Attention: John Halligan
Facsimile: 914-561-4916

FCPR CDC - Innovation 2000
Tour Maine Montparnasse
33, Avenue du Maine
BP 180
75755 PARIS CEDEX
FRANCE
Facsimile: 011-33-140-642243

C. E. Unterberg, Towbin Private Equity Partners II, L.P.
350 Madison Avenue
New York, New York 10017
Attention: Michelle O'Connor
Facsimile: 212-888-8611

C. E. Unterberg, Towbin Private Equity Partners II-Q, L.P.
350 Madison Avenue
New York, New York 10017
Attention: Michelle O'Connor
Facsimile: 212-888-8611

SCHEDULE B

Patents and Patent Applications

Chart I: U.S. Registered Patents – Owner is Cognet Corp. by assignment, change of name from Dynalog Technologies, Ltd.

Title	Reg. No.	Date Reg.	Application No. and Date	Inventors
SYSTEM AND METHOD FOR SOFTWARE DISTRIBUTION AND DESKTOP MANAGEMENT IN A COMPUTER NETWORK ENVIRONMENT	5,933,647	08/03/1999	792,938 01/24/1997	Aronberg, David B. Goldman, Dov J. Spiro, Peter A.
SYSTEM AND METHOD USING TOKEN PROCESSING TO CONTROL SOFTWARE DISTRIBUTION AND DESKTOP MANAGEMENT IN A COMPUTER NETWORK ENVIRONMENT	6,117,188	9/12/2000	067,655 04/27/1998	Aronberg, David B. Goldman, Dov J. Spiro, Peter A.

Chart II: U.S. Patents Filed and Pending

Owner is Cognet Corp. by assignment, change of name from Dynalog Technologies, Ltd. (assignment being finalized)

Title	Application Serial No.	Application Date	Inventors	Status and Comments
METHOD AND SYSTEM FOR DISTRIBUTING AND MAINTAINING SOFTWARE ACROSS A NETWORK	09/478,461	01/06/2000	Aronberg, David B. Goldman, Dov J. Spiro, Peter A.	A Notice to File Missing Parts of an Application was mailed on 02/18/2000. A response thereto was due on 04/18/2000. Proper extensions of time can be sought to extend this date. The next available deadline to respond has been docketed and steps are being taken to fulfill the requirements on or before this date.

SCHEDULE C

Existing Licenses

None

EXHIBIT 1

ASSIGNMENT OF PATENTS (U.S.)

WHEREAS, Cognet Corp., a New York corporation, having its principal place of business at 465 Columbus Avenue, Valhalla, New York 10595 ("Assignor"), has been issued the patents and filed the patent applications (the "Patents") identified on the Annex hereto, and is the owner of such Patents as evidenced in the records of the United States Patent and Trademark Office; and

WHEREAS, SI Venture Fund II, L. P., as the collateral agent for the ratable benefit of certain investors in the Assignor (the "Assignee"), is desirous of acquiring the Patents;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Patents, together with the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Patents.

This Assignment of Patents (U.S.) is intended to and shall take effect as a sealed instrument at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment of Patents (U.S.) below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, as an instrument under seal, on this ____ day of July, 2001.

COGNET CORP.

By: _____
Its

STATE OF NEW YORK

COUNTY OF _____

Before me, the undersigned, this ____ day of July, 2001 personally appeared _____, known to me to be the _____ of Cognet Corp., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said corporation.

In Witness Whereof, I hereunto set my hand.

Notary Public
My Commission Expires:

The foregoing assignment of the Patents by the Assignor to the Assignee is hereby accepted as of the ____ day of _____, 200__.

SI VENTURE FUND II, L. P., as collateral agent

By: SI Venture Management II, L.L.C.

By: _____, Managing Member

STATE OF _____

COUNTY OF _____

Before me, the undersigned, this ____ day of _____, 200__ personally appeared _____, known to me to be a managing director of SI Venture Management II, L.L.C., the general partner of SI Venture Fund II, L.P., and that he as such officer, signer and sealer of the foregoing instrument, acknowledged the execution of the same to be his free act and deed individually and as such officer, and the free act and deed of said entity.

In Witness Whereof, I hereunto set my hand.

Notary Public
My Commission Expires:

ANNEX

Chart I: U.S. Registered Patents – Owner is Cognet Corp. by assignment, change of name from Dynalog Technologies, Ltd.

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