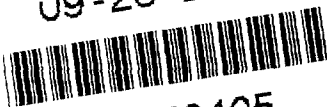


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Form PTO-1595  
(Rev. 03/01)  
OMB No. 0651-0027 (exp. 5/31/2002)

Re

101858405  
COVER SHEET  
PATENTS ONLY

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

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

1. Name of conveying party(ies):  
  
Candescent Technologies Corporation  
6320 San Ignacio Ave.  
San Jose, CA 95119

2. Name and address of receiving party(ies):  
  
Candescent Intellectual Property  
Services, Inc.  
6320 San Ignacio Ave.  
San Jose, CA 95119

3. Nature of conveyance:  
  
 Assignment  
 Security Agreement  
 Merger  
 Change of Name  
 Other:  
  
Execution Date: 08/03/00

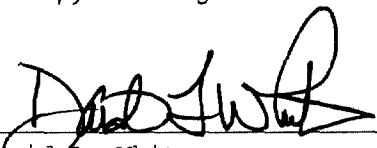
Additional name(s) & address(es) attached?  
 yes  no

4. Application number(s) or patent number(s):  
  
If this document is being filed together with a new application, the execution date is:  
A. Patent Application No.(s): 09/632,372  
B. Patent No.(s):  
  
Additional numbers attached?  yes  no

5. Name and address of party to whom  
correspondence concerning the document should be  
mailed:  
  
Ronald J. Meetin  
Skjerven, Morrill, MacPherson LLP  
25 Metro Drive, Suite 700  
San Jose, CA 95110

6. Total number of applications involved: 1  
7. Total fee (37 CFR 3.41) \$  
  
 enclosed  
 Authorized to be charged to Deposit Account  
8. Deposit Account number: 23-0085  
(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.*  
  
  
\_\_\_\_\_  
David L. White  
President and Chief Executive Officer  
  
Date 18 Sept. 2001

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

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# INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT (the "Assignment Agreement"), effective as of December 5, 2000 (the "Effective Date"), is made by and among Candescend Technologies Corporation ("Candescend-U.S."), a California corporation having offices at 6320 San Ignacio Avenue, San Jose, California 95119, USA, Candescend-International Corporation Ltd. ("Candescend-International"), a Bermuda corporation having offices at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and Candescend Intellectual Property Services, Inc. ("Candescend-Holding"), a Delaware corporation having offices at 6320 San Ignacio Avenue, San Jose, California 95119, USA.

## BACKGROUND

Concurrent with the execution of this Assignment Agreement, Candescend-Holding and Candescend-U.S. have entered into a Candescend Intellectual Property Services, Inc. Stock Purchase Agreement, whereby Candescend-Holding will issue shares of its equity securities to Candescend-U.S., and an Intellectual Property License and Cooperation Agreement, whereby Candescend-U.S. will receive from Candescend-Holding a license to certain intellectual property (the "Holding/U.S. License Agreement").

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed by and among the parties as follows:

1. Definitions. Except as defined below, all capitalized terms shall have the meaning set forth in the Framework Agreement.

1.1. "Agreements" shall have the meaning set forth in Section 1.3 of the Framework Agreement, which is hereby incorporated herein by reference.

1.2. "Candescend Intellectual Property" shall have the meaning set forth in Section 1.13 of the Framework Agreement, which is hereby incorporated by reference.

1.3. "Framework Agreement" shall mean that certain Amended and Restated Framework Agreement dated October 5, 2000, entered into by and among Candescend-U.S., Candescend-International, and Sony Corporation ("Sony").

1.4. "Holding/Sony License Agreement" shall mean that certain Holding/Sony License Agreement dated December 5, 2000, entered into by and between Candescend-Holding and Sony.

1.5. "Candescend U.S. Patent Rights" shall mean Candescend Intellectual Property consisting of patents and patent applications arising under the laws of the United States.

1.6. "Sony/U.S. License Agreement" shall mean that certain Sony/U.S. License Agreement dated December 5, 2000, entered into by and among Candescend-U.S., Candescend-International and Sony.

1.7. "Subject-Party Capture Period" shall mean the period ending January 1, 2007, unless earlier terminated as provided in the Framework Agreement and/or Holding/Sony License Agreement. In no event shall the Subject-Party Capture Period extend beyond either the Subject-Party Capture Period of the Framework Agreement or the Subject-Party Capture Period of the Holding/Sony License Agreement.

1.8. "Voting Interest" shall have the meaning set forth in Section 1.98 of the Framework Agreement, which is hereby incorporated herein by reference.

1.9. "Wholly Owned Affiliate" shall have the meaning set forth in Section 1.99 of the Framework Agreement, which is hereby incorporated herein by reference.

2. Assignment of Candescend Intellectual Property.

2.1. Existing Candescend Intellectual Property.

2.1.1 U.S. Patents. Subject to any non-exclusive licenses granted by Candescend-U.S. prior to the Effective Date hereof (including but not limited to the licenses to Sony contemplated by the Agreements), Candescend-U.S. hereby assigns to Candescend-Holding an undivided joint ownership interest in all Candescend U.S. Patent Rights existing as of the Effective Date, provided that Candescend-Holding simultaneously grants a license under such Candescend U.S. Patent Rights back to Candescend-U.S. in accordance with the terms and conditions of the Holding/U.S. License Agreement.

2.1.2 Other Candescend Intellectual Property. Subject to any non-exclusive licenses granted by Candescend-U.S. prior to the Effective Date hereof (including but not limited to the licenses to Sony contemplated by the Agreements), Candescend-U.S. hereby assigns to Candescend-Holding sole ownership of Candescend Intellectual Property (other than Candescend U.S. Patent Rights) existing as of the Effective Date, provided that Candescend-Holding simultaneously grants a license under such Candescend Intellectual Property back to Candescend-U.S. in accordance with the terms and conditions of the Holding/U.S. License Agreement.

2.1.3 Candescend-International. Candescend-U.S. and Candescend-International represent and warrant to Candescend-Holding that Candescend-International does not own any Candescend Intellectual Property as of the Effective Date.

2.2. Future Candescend Intellectual Property.

2.2.1 U.S. Patents. Subject to any non-exclusive licenses granted by Candescend-U.S. or Candescend-International or any Wholly Owned Affiliates of either of them, Candescend-U.S. and Candescend-International each agree to assign, and to cause each Wholly Owned Affiliate of either of them (other than Candescend-Holding) to assign, and do hereby

assign to Candescend-Holding an undivided joint ownership interest in all Candescend U.S. Patent Rights of each such entity which come into existence after the Effective Date, provided that Candescend-Holding simultaneously grants a license under such Candescend U.S. Patent Rights back to Candescend-U.S. in accordance with the terms and conditions of the Holding/U.S. License Agreement.

2.2.2 Other Future Candescend Intellectual Property. Subject to any non-exclusive licenses granted by Candescend-U.S. or Candescend-International or any Wholly Owned Affiliates of either of them, Candescend-U.S. and Candescend-International each agree to assign, and to cause each Wholly Owned Affiliate of either of them (other than Candescend-Holding) to assign, and do hereby assign to Candescend-Holding sole ownership of Candescend Intellectual Property (other than Candescend U.S. Patent Rights) of each such entity which comes into existence after the Effective Date, provided that Candescend-Holding simultaneously grants a license under such Candescend Intellectual Property back to Candescend-U.S. in accordance with the terms and conditions of the Holding/U.S. License Agreement.

2.2.3 Timing and Effectiveness. The assignments set forth in Sections 2.2.1 and 2.2.2 above shall become effective upon the later of (i) the time at which the assigning entity obtains ownership of the respective Candescend Intellectual Property, or (ii) (A) with respect to patent applications (and patents resulting therefrom) upon filing of the respective application, and (B) with respect to copyrights and trade secrets the time at which such copyrights and trade secrets come into existence under applicable law.

2.3 Non-Assignable Candescend Intellectual Property. In the event that both (i) joint ownership of Candescend U.S. Patent Rights cannot be assigned to Candescend-Holding in accordance with Sections 2.1.1 and 2.2.1 and/or sole ownership of Candescend Intellectual Property (other than Candescend U.S. Patent Rights) cannot be assigned to Candescend-Holding in accordance with Sections 2.1.2 and 2.2.2, and (ii) Candescend-U.S., Candescend-International or any Wholly Owned Affiliate of either of them (other than Candescend-Holding) has the right and ability to grant an exclusive license to Candescend-Holding as set forth below with the right to sublicense through multiple tiers of sublicensees (including to Candescend-U.S. in accordance with the Holding/U.S. License Agreement with the right to grant sublicenses and to Sony in accordance with the Holding/Sony License Agreement), the following license will be granted. In such event of (i) and (ii) above, Candescend-U.S. and Candescend-International grant, and agree to cause any Wholly Owned Affiliates of either of them (except Candescend-Holding) to grant, to Candescend-Holding an exclusive (except with respect to Candescend-U.S., Candescend-International and any Affiliates of any of these entities), royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to practice such non-assignable Candescend Intellectual Property of each such entity. If such non-assignable Candescend Intellectual Property is not licensable as set forth in (ii) above, then such non-assignable Candescend Intellectual Property will be licensed in accordance with the terms of the Sony/U.S. License Agreement.

2.4 Further Assurances. Candescend-U.S. and Candescend-International agree, and agree to cause the Wholly Owned Affiliates of such entity (other than Candescend-Holding), to

execute all documents and take all other actions requested by Candescend-Holding which are reasonably necessary, proper or advisable to evidence, consummate and make effective the assignments set forth in this Section 2. In the event any such entity is unable or unwilling to execute any such document or take any such action, each of them hereby appoints Candescend-Holding as its attorney-in-fact to execute such documents and take such actions on their behalf. Such appointment shall be deemed a power coupled with an interest and is therefore irrevocable for the term of this Assignment Agreement. Candescend-Holding shall only exercise such power if the applicable entity fails to execute the necessary document or take the necessary action within thirty (30) business days of Candescend-Holding's written request to do so.

2.5 Tangible Materials. No equipment or other tangible materials are transferred or assigned by reason of this Assignment Agreement.

3. Representation and Warranties.

3.1. Authority. Candescend-U.S. and Candescend-International each represent and warrant to Candescend-Holding, and Candescend-Holding represents and warrants to each of Candescend-U.S. and Candescend-International, that (i) it has the full right and authority to enter into this Assignment Agreement and grant the respective rights granted by it herein; and (ii) it has not previously granted and will not grant any rights in conflict with the respective rights granted by it herein.

3.2. Disclaimer. ALL CANDESCEND INTELLECTUAL PROPERTY IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. CANDESCEND-U.S., CANDESCEND-INTERNATIONAL, AND EACH WHOLLY OWNED AFFILIATE OF EITHER OF THEM EXPRESSLY DISCLAIM ANY WARRANTIES OR CONDITIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE CANDESCEND INTELLECTUAL PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF CANDESCEND INTELLECTUAL PROPERTY, PATENTED OR UNPATENTED, AND NON-INFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

4. Term and Termination.

4.1. Term. This Assignment Agreement shall become effective upon the later of (i) the execution and delivery of the Holding/U.S. License Agreement and (ii) the date first set forth above and shall continue in effect until the end of the Subject-Party Capture Period, unless earlier terminated as set forth below.

4.2. Termination. Any party hereto shall have the right to terminate this Assignment Agreement at any time upon written notice to the other parties hereto upon termination or expiration of Candescend-U.S.'s and Candescend-International's obligation to assign ownership of Candescend Intellectual Property to Candescend-Holding under the Framework Agreement. In the event of termination, assignments of ownership of Candescend Intellectual Property completed (as described in Section 2.2.3) prior to the date of termination shall remain in effect;

provided that Candescent-U.S., Candescent-International and their Wholly Owned Affiliates shall have no obligation to assign any additional Candescent Intellectual Property after such termination.

5. General Provisions.

5.1. Governing Law. The Assignment Agreement and any dispute arising from the performance or breach hereof shall be governed by and construed and enforced in accordance with, the laws of the State of California, without reference to conflicts of laws.

5.2. Notices. All notices, requests and other communications under this Assignment Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or by commercial overnight courier service with tracking capabilities, costs prepaid, in each case to the address first set forth above, or such other address as may be specified in writing to the other parties hereto.

5.3. Severability. In the event any provision of this Assignment Agreement is found to be invalid, illegal or unenforceable in any jurisdiction, the parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

5.4. Modification; Waivers. No amendment, modification or waiver of any provision of this Assignment Agreement shall be effective unless in writing signed by all parties hereto. No provision of this Assignment Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by all parties.

5.5. Counterparts; Third Party Beneficiaries. This Assignment Agreement may be signed in any number of counterparts, each of which shall be deemed an original, and all of which together, shall constitute one and the same instrument. No provision of this Assignment Agreement is intended to confer upon any person or entity other than the parties hereto any rights or remedies hereunder.

5.6. Assignment. This Assignment Agreement shall not be assignable (by operation of law or otherwise) by either party; except (i) by Candescent-U.S. and/or Candescent-International in connection with an assignment of the Agreements in accordance with Section 8.8 of the Framework Agreement, and (ii) by Candescent-Holding in connection with an assignment of the Holding/Sony License Agreement in accordance with Section 10.8 of the Holding/Sony License Agreement.

5.7. No Implied Waivers; Rights Cumulative. No failure on the part of any party to exercise and no delay in exercising any right under this Assignment Agreement, or provided by statute or at law or in equity or otherwise, shall impair, prejudice or constitute a waiver of any

such right, nor shall any partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.


5.8. Independent Contractors. Nothing contained in this Assignment Agreement is intended implicitly, or is to be construed, to constitute Candescend-U.S., Candescend-International and Candescend-Holding as partners in the legal sense. Except as provided in Section 2.3 ("Further Assurances"), no party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of any other party or to bind any other party to any contract, agreement or undertaking with any third party.

5.9. Entire Agreement. This Assignment Agreement, the Candescend Intellectual Property Services, Inc. Stock Purchase Agreement and the Intellectual Property License and Cooperation Agreement embody the entire understanding between the parties with respect to their subject matter and supersede all previous communications, representations or understandings with respect thereto, either oral or written.


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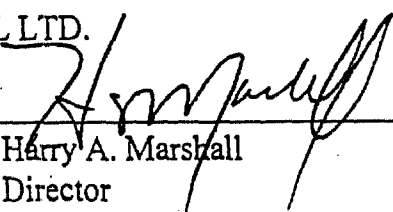
IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement to be duly executed as of the date first above written.

CANDESCENT TECHNOLOGIES CORPORATION


By:   
David L. White  
President & C.E.O.

CANDESCENT TECHNOLOGIES INTERNATIONAL LTD.

By:   
David L. White  
President

By:   
Harry A. Marshall  
Director

CANDESCENT INTELLECTUAL PROPERTY SERVICES, INC.

By:   
David L. White  
President

PATENT

REEL: 012197 FRAME: 0481



CANDESCENT U.S. PATENT APPLICATIONS

09/17/01

CTC Docket No.	Atty Docket No.	Serial Number	Reel/Frame No	Record Date	First Inventor	Title	File Date	Patent No.
A046-1D	M4572-1D US	09/632,372	8516/0662	5/19/97	Cho	"Gap jumping to seal structure typically using combination of vacuum and non-vacuum environments"	08/03/00	