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Form PTO-1595

(Rev. 03/01)

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U.S. DEPARTMENT OF COMMERCE

U.S. Patent and Trademark Office

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

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

1. Name of conveying party(ies):

STANLEY LERNER

1-10-02

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

3. Nature of conveyance:

☐

Assignment

☐

Merger

☒

Security Agreement

☐

Change of Name

☐

Other _____

12/14/01

Execution Date: _____

2. Name and address of receiving party(ies)

Name: LASALLE BANK NATIONAL ASSOCIATION

Internal Address: COMMERCIAL R

Street Address: 135 SOUTH LASALLE STREET

City: CHICAGO State: IL Zip: 60602

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) _____

SEE ATTACHMENT

B. Patent No.(s) _____

SEE ATTACHMENT

Additional numbers attached? ☒ Yes ☐ No

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

Name: JEFFREY M. DALEBROUX

Internal Address: ROOKS, PITTS AND POUST

Street Address: 10 SOUTH WACKER DRIVE

#2300

City: CHICAGO State: IL Zip: 60606

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 80.00

☒

Enclosed

☐

Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

JEFFREY M. DALEBROUX, ESQ.

Name of Person Signing

Signature

1/10/02

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

01/30/2002 10:14:21 00000274 0086694

01 FEB 2002

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PATENT
REEL: 012506 FRAME: 0043

Attachment to Recordation Form Cover Sheet - Patents Only

Title: High Speed Web Machine
Serial No.: 829854
Filing Date: 4/1/97
Patent No.: 6,086,694
Issue Date: 7/11/2000

Title: Color Display Product with Removable Color Chips and
a Method for Making Same
Serial No.: 09/329,840
Filing Date: 6/6/99
Patent No.: Pending
Issue Date:

PATENT SECURITY AGREEMENT

This Patent Security Agreement ("Security Agreement") entered into by and between STANLEY LERNER, an individual resident of Illinois ("Lerner") and LASALLE BANK NATIONAL ASSOCIATION, a national banking association ("Bank"), in connection with the Loan Agreement and the Letter Agreement (as hereinafter defined). Terms not otherwise defined herein shall have the meanings given in the Loan Agreement and the Letter Agreement.

WHEREAS, the Bank has extended certain financial accommodations to Color Communications, Inc. ("CCI") pursuant to a certain Fourth Amended and Restated Loan Agreement between the Bank and Borrower dated as of July 31, 2001, as amended (as it may be further amended from time to time, the "Loan Agreement") which obligations have been guaranteed by Lerner pursuant to an Amended and Restated Guaranty dated on July 31, 2001 (as it may be amended from time to time, the "Guaranty"); and

WHEREAS, the Bank has extended certain financial accommodations to Lerner pursuant to a certain Letter Agreement dated as of March 24, 2000, as amended (as it may be amended from time to time, the "Letter Agreement"); and

WHEREAS, CCI and the Bank desire to amend the Loan Agreement and Lerner and the Bank desire to amend the Letter Agreement, each effective as of the date hereof, in order to extend the maturity date of Loans made pursuant to the Loan Agreement and the loans made pursuant to the Letter Agreement.

WHEREAS, the Bank has agreed to extend such maturity dates provided among other things, that Lerner grants a security interest in the Patent Rights, as defined below, subject to the terms and conditions set forth herein below;

WHEREAS, Lerner represents that he now possesses the sole and complete ownership rights to the Patent Rights to be secured by this Security Agreement and that he has not granted a security interest or otherwise pledged, managed, transferred, assigned or licensed any part of its rights in said Patent Rights to any party other than the Bank.

NOW, THEREFORE, in order to induce the Bank to consummate the financial accommodations provided for in the Loan Agreement and the Letter Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lerner does hereby agree with Bank as follows:

Section 1.01. Grant of Security Interest. To secure the prompt, complete and timely payment of all obligations and the performance of all duties owing from Lerner to the Bank as set forth in the Guaranty and the Letter Agreement, Lerner hereby grants to Bank, its successors and assigns, a security interest, as and by way of a first mortgage and security interest having priority over all other security interests, with a power of sale to the extent permitted by applicable law, in the entire right, title, and interest of Lerner in and to the following "Patent Rights" now existing or hereafter acquired or arising:

(1) All patents, patent applications and patentable inventions of Lerner, including but not limited to those set forth in Exhibit A, and (a) the inventions and improvements described and claimed therein; (b) any continuation, division, renewal, extension, substitute or reissue thereof or any legal equivalent in a foreign country for the full term or terms for which the same may be granted; (c) all rights to income, royalties, profits, awards, damages or other rights relating to said patents, applications or inventions including the right to sue for past, present or future infringement; and (d) any other rights and benefits relating to said patents, applications, or inventions ("Patents") subject to termination only if: (i) all "obligations" (as detailed in the Guaranty and the Letter Agreement) of Lerner are satisfied and paid as and when due and (ii) there shall have been terminated all commitments of Bank to any party arising under the Loan Agreement in the Letter Agreement; otherwise, the same shall remain in full force and effect, it being intended by Lerner and Bank that the Patent Rights shall serve as collateral security to Bank for the payment and performance of such "obligations" and, accordingly, that this instrument shall be subject to the terms of the Loan Agreement, the Guaranty and the Letter Agreement and all related security agreements with respect to the "Collateral" (as defined in the Loan Agreement), which terms are herein incorporated by reference and made a part hereof.

(2) All rights under or interests in any patent license agreement with any other party in connection with any of the Patents or such other party's Patents and registered patents and patent applications, whether Lerner is a licensor or licensee under any such license agreement, including without limitation, those license agreements listed on Exhibit B attached hereto and made a part hereof, and the right, upon the occurrence and during the continuation of any Event of Default, to prepare and sell any and all Inventory now or hereafter owned by Lerner and now or hereafter covered by such licenses, and all books and all records (including, without limitation, customer lists, credit files, computer programs, printouts and other computer materials and records) pertaining to any of the foregoing (all of the foregoing are hereinafter referred to collectively as the "Licenses").

(3) Notwithstanding the foregoing, unless and until Bank exercises the rights and remedies accorded to it under the Guaranty and/or the Letter Agreement and by law with respect to the realization upon its security interest in the Patent Rights, Lerner shall continue to own, and may use and enjoy, the Patent Rights in connection with his business operations, but only in a manner consistent with the preservation of their current substance, validity, registration and the collateral assignment herein contained.

Section 2.01. No Liens, etc. Lerner hereby represents and warrants to the Bank that (i) Exhibit A sets forth all of the Patents and Patent Rights owned by Lerner as of the date of this Agreement, (ii) Exhibit B sets forth all of the Licenses held by Lerner as of the date of this Agreement, and (iii) no other liens, claims or security interest have been granted by Lerner to any other Person in such Patents and Licenses. Lerner agrees that he will not, without the prior written consent of the Bank, assign or transfer, pledge, mortgage, license or allow a security interest or lien to be taken by anyone other than the Bank in said Patents and Patent Rights or take any other acts which are contrary to or inconsistent with the rights granted to the Bank in this Security Agreement and will not cease the use of any Patent or Patent Rights or take any action or fail to take any action

which will result in the cancellation or expiration of any of the Patents or Patent Rights covered by this Security Agreement without the prior written agreement of the Bank.

Section 3.01. Borrower's Obligation to Maintain and Enforce Rights. Lerner further agrees that he has the obligation, at his own cost, unless otherwise consented to in writing by the Bank:

(1) To take all actions necessary to properly maintain and renew all Patents and Patent Rights which are or may become subject to the Security Agreement for the full term or terms allowed by law including but not limited to the appropriate and timely filing of any documents or declarations necessary to maintain and renew said Patents and Patent Rights which may be necessary or appropriate under applicable law with the United States Patent and Trademark Office or any similar office or agency in any state, province or country and payment of any required fees.

(2) To file and prosecute diligently new applications to register and protect under applicable law all patentable inventions acquired or developed by Lerner for which applications have not previously been filed or to take all other actions necessary to cause patents to be issued as a result of said applications.

(3) To protect such Patents and Patent Rights from infringement, unfair competition or dilution or damage by all appropriate actions including the commencement of legal action to prevent and recover damages for said infringement and to defend such Patents and Patent Rights from claims of infringement, unfair competition or damage including the defense of any legal actions making such claims.

Section 4.01. Reporting Requirements. Lerner agrees to provide written semiannual reports to the Bank informing it of the status of all Patents and Patent Rights subject to this Security Agreement including any new patents, patent applications, or related licenses.

Section 5.01. After Acquired Property. If Lerner shall obtain rights to or become entitled to the benefit of any new patents, patent applications, patentable inventions, or enter into any new Licenses before its Obligations to the Bank as set forth in this Security Agreement have been satisfied in full, then (i) the provisions of this Security Agreement shall automatically apply thereto; (ii) Lerner shall promptly furnish written notice thereof to Bank and furnish the Bank with sufficient information to permit Bank, upon its receipt of such notice, to modify or update this Security Agreement, as appropriate, by amending Exhibits A and B and (iii) Lerner shall execute and deliver, with regard to any Patents, any agreements, instruments and confirm the assignment and grant of security interest created by this Security Agreement in such Patents, and Lerner appoints Bank, at all times during the continuance of an Event of Default, its attorney-in-fact to execute, deliver and record any and all such agreements, instruments and documents for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed and such power, being coupled with an interest, shall be irrevocable for so long as this Security Agreement shall be in effect with respect to Lerner.

Section 6.01. Events of Default. The failure by Lerner to perform any of the terms or conditions of this Security Agreement or the terms and conditions of the Guaranty or Letter Agreement shall constitute a material default. Upon the occurrence of such a default and upon the receipt by Lerner of appropriate written notice from the Bank, Lerner hereby authorizes and grants a power of attorney to the Bank to take any action as may be deemed to be necessary with respect to said Patents and Patent Rights including but not limited to the assignment of all said Patents and Patent Rights from Lerner to the Bank. This right may be exercised in addition to any other rights and remedies which may be available under applicable law.

Section 7.01. Interpretation. This Security Agreement is subject to the terms and conditions of the Guaranty and the Letter Agreement. Where any term in this Security Agreement may be inconsistent with any term in the Guaranty or Letter Agreement, the terms of the Guaranty first and then the Letter Agreement shall control.

Section 8.01. No Waiver. The failure by the Bank to exercise any right under this Security Agreement shall not operate as a waiver thereof and shall not bar the Bank from continuing to exercise said rights in the future.

Section 9.01. Governing Law. The Security Agreement is to be governed by the law of the State of Illinois and is binding on the parties and their successors and assigns. Lerner may not assign nor transfer any part of its obligations under this Security Agreement either expressly or by operation of law without the written consent of the Bank.

Section 10.01. Severability. The terms of this Security Agreement are severable. If any term shall be found to be invalid or unenforceable, it shall not affect the validity of the remaining terms.

Section 11.01. Modification. This Security Agreement may not be altered, amended or modified in any way, except as specifically provided in Section 5.01 hereof or by a writing signed by Lerner and Bank.

Section 12.01. Duty of Bank. Bank shall not be liable for any actions, omissions, errors of judgment or mistakes of fact or law with respect to the Patents, Patent Rights or Licenses. Without limiting the generality of the foregoing, Bank shall not be under any obligation to take any action necessary to preserve rights in the Patents, Patent Rights or Licenses against any other Persons but may do so at its option, and all expenses incurred in connection therewith shall be for the sole account of Lerner and added to the Obligations secured hereby.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Lerner has caused this document to be executed as of the 14th day of December, 2001.



Stanley Lerner

Address of Borrower (Assignor):

c/o Color Communications, Inc.
4000 West Fillmore
Chicago, Illinois 60624

Address of Bank (Assignee):

135 South LaSalle Street
Chicago, Illinois 60603
Attention: Commercial R

EXHIBIT A

United States Patent No. 6,086,694

Filed 4/1/97

High Speed Web Machine

Issued 7/11/00

Lerner

United States Patent Application No./Serial No. 09/328,840

Filed 6/9/99

Color Display Product with Removable Color Chips and a Method for Making Same

EXHIBIT B

Licenses of the items shown on Exhibit A to Color Communications, Inc.