

PATENT SECURITY AGREEMENT

PATENT SECURITY AGREEMENT, dated as of May 1, 2002, by PointSet Corporation, a California corporation ("Grantor"), in favor of Jerry R. Iggulden ("Lender").

WITNESSETH:

WHEREAS, pursuant to that certain Promissory Note due January 1, 2021, as from time to time amended, restated, supplemented or otherwise modified (the "Note"), issued on the date hereof by Grantor to Lender, Lender has agreed to make a loan in the original principal amount of \$533,879.81 for the benefit of Grantor;

WHEREAS, Lender may make additional loans to Grantor in an amount not to exceed \$100,000 (the "Additional Loans"), which, if made, will be represented by an additional promissory note or notes (the "Additional Notes");

WHEREAS, Lender is willing to make the loan as provided for in the Note, and the Additional Loans as provided in the Additional Notes, but only upon the condition, among others, that Grantor shall have executed and delivered to Lender that certain Security Agreement dated as of the date hereof (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, Grantor is required to execute and deliver to Lender this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees as follows:

1. DEFINED TERMS:

"Patent License" shall mean any and all rights under any written or oral agreement to which Grantor is now or hereafter becomes a party granting any right with respect to any invention on which a Patent is in existence.

"Patents" shall mean all of the following in which Grantor now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the

United States, any state or territory thereof, or any other country, and (b) all reissues, continuations, continuations-in-part or extensions thereof.

2. GRANT OF SECURITY INTEREST IN PATENT COLLATERAL.

Grantor hereby grants to Lender a continuing security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Patent Collateral"):

(a) all of its Patents and Patent Licenses to which it is a party including those referred to on Schedule I hereto;

(b) all reissues, continuations or extensions of the foregoing; and

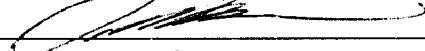
(c) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement or dilution of any Patent or any Patent licensed under any Patent License.

3. SECURITY AGREEMENT.

The security interests granted pursuant to this Patent Security Agreement are granted in conjunction with the security interests granted to Lender pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Lender with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. Lender consents to the Patent & Technology License Agreement dated May 1, 2002, between Grantor and Transaction Devices, Inc. (the "TDI Agreement"). Lender agrees that its security interest in the Patent Collateral is subject to the licenses and other rights granted to Transaction Devices, Inc. in the TDI Agreement.

IN WITNESS WHEREOF, Grantor has caused this Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

POINTSET CORPORATION

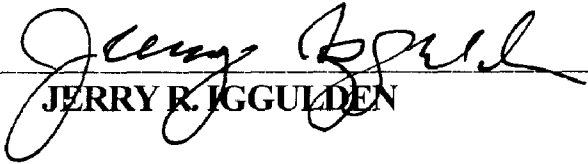
By: 
Name: JOHN G. LIN
Title: CEO

By: _____

Name: _____

Title: _____

ACCEPTED AND ACKNOWLEDGED BY:



JERRY R. IGGULDEN

ACKNOWLEDGMENT OF GRANTOR

STATE OF CALIFORNIA)

) ss.

COUNTY OF _____)

On this ____ day of May, 2002, before me personally appeared _____, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of POINTSET CORPORATION, who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.

Notary Public

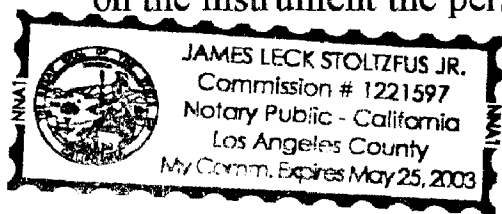
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On 5-6-02, before me, James Leck Stoltzfus Jr., Notary Public, personally appeared John Ganlin
~~personally known to me or~~ X proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal

James Leck Stoltzfus Jr.
signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Patent Security Agreement

Document Date: 5-1-02 Number of Pages: 2

Signer(s) Other Than Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

~~Individual~~

☒ Corporate Officer - Title(s): CEO

☐ Partner - ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____

**SCHEDULE I
TO
PATENT SECURITY AGREEMENT
PATENTS AND PATENT APPLICATIONS**

ISSUED U. S. PATENTS

PATENT NO.	DATE	TITLE
6,256,378	07/03/01	Method and Apparatus for Setting Programmable Features of an Appliance
6,281,820	08/28/01	Method and Apparatus for Transferring Data from a Display Screen

PENDING U. S. PATENT APPLICATIONS

SERIAL NO.	DATE	TITLE
09/235,709	01/22/99	Method and Apparatus for Setting Programmable Features of an Appliance
09/351,990	07/12/99	Virtual Companion
09/415,299	10/08/99	Method and Apparatus for Setting Programmable Features of an Appliance
09/519,900	03/06/00	Interactive Toys with Wireless Data Transfer Capability
09/684,282	10/06/00	Authentication System Employing an Electronic Token
09/684,525	10/06/00	Transaction Processing Using an Electronic Token
09/940,326	08/27/01	Method and Apparatus for Transferring Data from a Display Screen

PENDING FOREIGN PATENT APPLICATIONS

COUNTRY	SERIAL NO.	DATE	TITLE
Australia	25137/00	01/21/00	Methods and Apparatus for Setting Programmable Features of an Appliance
Canada	2361515	01/21/00	Methods and Apparatus for Setting Programmable Features of an Appliance
China	00805315.4	01/21/00	Methods and Apparatus for Setting

(PRC)			Programmable Features of an Appliance
Europe	00903382.0	07/27/01	Methods and Apparatus for Setting Programmable Features of an Appliance
Japan	2000-595230	01/21/00	Methods and Apparatus for Setting Programmable Features of an Appliance
Russia	2001123431	08/21/01	Methods and Apparatus for Setting Programmable Features of an Appliance