

08-23-2002

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OMB No. 0651-0047 (exp. 5/31/2002)

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Tab settings

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

1. Name of conveying party(ies): 8.19.02
Adirondack Digital Imaging Systems, Inc.

2. Name and address of receiving party(ies)

Name: Town of Chesterfield

Internal Address: _____

5.22.02 3.1.02

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

3. Nature of conveyance:

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

Street Address: 1 Vine Street

City: Keeseville State: NY Zip: 12944

Execution Date: February 15, 2002

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) _____

B. Patent No.(s) 6,000,163

Additional numbers attached? Yes No

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

Name: William L. Owens, Esq.

Internal Address: _____

Street Address: One Cumberland Avenue

P.O. Box 2947

City: Plattsburgh State: NY Zip: 12901

6. Total number of applications and patents involved: 1

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

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

N/A

DO NOT USE THIS SPACE

9. Signature.

Terry J. Gordon
Name of Person Signing

Terry J. Gordon
Signature

11/29/02
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

03/21/2002 JJALLAH2 00000003 6000163

01 FC:581

40.00 DP

Refund Ref # 03/21/2002 JJALLAH2 0000115335

CHECK Refund Total: \$25.00

PATENT
REEL: 013203 FRAME: 0721

**PATENT, TRADEMARK, LICENSE ASSIGNMENT
AND SECURITY AGREEMENT**

THIS CONTINGENT PATENT, TRADEMARK, LICENSE ASSIGNMENT AND SECURITY AGREEMENT ("*Assignment*") is made by ADIRONDACK DIGITAL IMAGING SYSTEMS, INC., a New York corporation having its principal office and place of business at 1 Legend Lane, Keeseville, New York 12944 ("*Assignor*"), in favor of TOWN OF CHESTERFIELD, a municipal corporation duly organized and existing under the laws of the State of New York having a principal office at 1 Vine Street, Keeseville, New York ("*Assignee*");

W I T N E S S E T H:

WHEREAS, Assignor has indebtedness and obligations to Assignee pursuant to:

- (a) A Loan Agreement dated January 31, 2002, and
- (b) A Commercial Note dated January 31, 2002, in the original principal amount of \$735,000.00;

(as the same may hereafter be amended, supplemented, amended and restated, renewed or otherwise modified from time to time, collectively the "*Financing Agreement*") , which Financing Agreement provides (i) for the Assignee to, from time to time, extend credit to or for the account of Assignor and (ii) for the grant by Assignor to Assignee of a security interest in certain of Assignor's assets, including, without limitation, its patents, patent applications, service marks, service mark applications, service names, trademarks, trademark applications, trade names, goodwill and licenses;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

1. Assignment of Patents. To secure the complete and timely satisfaction of all of the liabilities and obligations of every kind or nature of Assignor to Assignee now existing or hereafter incurred, including liabilities and obligations under or related to the Financing Agreement and all notes, agreements, and documents delivered in connection therewith, including as extended, modified, or replaced from time to time (collectively, the "*Obligations*"), Assignor hereby grants, assigns and conveys, as collateral security, to Assignee all of the Assignor's right, title and interest in and to all of its now owned or existing and filed and hereafter acquired or arising and filed patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, including those listed on Schedule A, attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c)

the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "*Patents*").

2. Restrictions on Future Assignments. Assignor agrees that until the Obligations shall have been satisfied in full and the Financing Agreement shall have been terminated, Assignor will not, without Assignee's prior written consent, enter into any agreement relating to the Patent, Trademark, Goodwill, or License which would limit or restrict the rights of Assignee hereunder and Assignor further agrees that it will not take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Assignee under this Assignment. Notwithstanding the foregoing, Assignee agrees to subordinate its interest herein to such other parties as Assignor may request.

3. Representations and Warranties. Assignor represents and warrants to and agrees with Assignee that:

(i) the Patents (to the extent issued), Trademarks, and Licenses are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(ii) to the best knowledge of Assignor, each of the Patents are valid and enforceable;

(iii) Assignor is the Assignee from Terry Gordon by an instrument dated _____, of the Patent, Trademark, and to the extent indicated therein, Licenses, and has the power and authority to make, and will continue to have authority to perform, this Assignment according to its terms;

(iv) to the best knowledge of Assignor, this Assignment does not violate and is not in contravention of any other agreement to which Assignor is a party or any judgment or decree by which Assignor is bound and does not require any consent under any other agreement to which Assignor is a party or by which Assignor is bound; and

(v) there has been no prior sale, pledge, encumbrance, assignment or other transfer or disposition of any of the Patents, Trademarks, or Licenses or any part thereof, and the same are free from all liens, charges and encumbrances of any kind, including but not limited to licenses, shop rights and covenants not to sue third persons, other than liens permitted by the Financing Agreement.

Notwithstanding anything to the contrary contained herein, however, Assignor may license the right to use the Patents, Trademarks, or Licenses to others in the ordinary course of business.

4. Default.

(a) Upon an "Event of Default" (as defined in the Financing Agreement), Assignee shall have, subject to section 4(b), in addition to all other rights and remedies given it by this Assignment, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents, Trademarks, and Licenses may be located, including, but not by way of limitation, the location of Assignee's headquarters.

(b) Notwithstanding anything in this Assignment to the contrary, however, after the occurrence of any Event of Default, prior to the exercise of any remedy hereunder Assignee shall give Assignor written notice of its intention to exercise such remedy. Assignor, during the ninety (90) day period following the giving of such notice, shall have the right, and a limited license to the extent necessary in connection with such right, to sell or otherwise dispose of the Patents, Trademarks, and Licenses to a third party in a commercially reasonable manner subject to the right of the Assignee to approve or disapprove such sale within 10 business days after receipt of written notice from the Assignor of the full terms and conditions of such sale to a third party in the event that the proceeds of such intended sale are insufficient to satisfy in full the Assignee's outstanding indebtedness to the Assignor; provided, however, that all proceeds of any kind or nature from such disposition up to a maximum of the full amount of the Obligations shall be delivered to Assignee, subject, however, to rights of holders of Senior Indebtedness.

5. Termination. Upon payment in full of the Obligations and termination of the Financing Agreement, this Assignment will terminate.

6. Duties of Assignor. Assignor shall have the duty to preserve and maintain all of its rights in the Patents and Trademarks in the ordinary course of business.

7. Financing Statements; Documents. Assignor will join with Assignee in executing one or more financing statements pursuant to the New York version of the Uniform Commercial Code in form satisfactory to Assignee and will pay the costs of filing and/or recording this Assignment and all financing, continuation and termination statements in all public offices where filing or recording is deemed necessary or desirable by Assignee. Assignor shall at Assignor's sole expense execute and record in the United States Patent and Trademark Office any and all documents necessary pursuant to 35 USC §261 to evidence this Assignment and protect and preserve the Assignee's rights hereunder. Assignor will execute and deliver to Assignee from time to time such supplemental assignments or other instruments, including, but not by way of limitation, additional assignments to be filed with the United States Patent and Trademark office, as Assignee may require for the purpose of confirming Assignee's interest in the Patents, Trademarks and Licenses.

8. Assignee's Right to Sue. Upon an Event of Default, Assignee shall have the same rights, if any, as Assignor has, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, Trademarks, and Licenses, and, if Assignee shall commence any such suit, Assignor shall, at the request of Assignee, do any and all lawful acts and execute any

and all proper documents required by Assignee in aid of such enforcement and Assignor shall promptly, upon demand and as a part of the obligations, reimburse and indemnify Assignee for all costs and expenses incurred by Assignee in the exercise of its rights under this Section 10. Upon an Event of Default, after first giving Assignee a reasonable opportunity to bring suit in its own name to enforce the Patents, Trademarks, and Licenses, Assignor may bring such suit in its own name.

9. Waivers. No course of dealing between Assignor and Assignee nor any failure to exercise nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Financing 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.

10. Severability. The provisions of this Assignment are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Assignment in any jurisdiction.

11. Modification. This Assignment cannot be altered, amended or modified in any way, except as specifically provided in Section 4 hereof or by a writing signed by the parties hereto.

12. Cumulative Remedies; Effect on Financing Agreement. All of Assignee's rights and remedies with respect to the Patents and Trademarks, whether established hereby or by the Financing Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor acknowledges and agrees that this Assignment is not intended to limit or restrict in any way the rights and remedies of Assignee under the Financing Agreement but rather is intended to facilitate the exercise of such rights and remedies.

13. Binding Effect; Benefits. This Assignment shall be binding upon the Assignor and its respective successors and assigns, and shall inure to the benefit of Assignee, its successors and assigns.

14. Governing Law. This Assignment has been delivered and accepted in Essex County, New York, and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws.

15. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Assignment shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) deposited for delivery to the recipient with a reputable overnight courier service (charges prepaid), (iii) faxed to recipient with a confirmation receipt and followed by deposit on the same day with a reputable overnight courier service, or (iv) five days after being mailed to the recipient by certified or

registered mail, return receipt requested and postage prepaid. Any notice or communication shall be sent to the respective addresses shown for the parties at the top of this Agreement, or, to such additional or different address as any party designates by notice to the other given in accordance with this Section 15.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this Assignment as of February 15th, 2002.

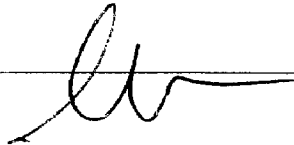
ADIRONDACK DIGITAL IMAGING SYSTEMS, INC.

By: Terry J. Gordon
Title: President

STATE OF NEW YORK)
) ss:
COUNTY OF Clinton)

The foregoing Patent, Trademark, License Assignment and Security Agreement was executed and acknowledged before me this 15th day of February, 2002, by Terry Gordon, the President of Adirondack Digital Imaging Systems, Inc., on behalf of the corporation.

Accepted at _____, New York
as of _____, 2002.



WILLIAM L. OWENS
Notary Public, State of New York
Clinton County - No. 4689009
Commission Expires August 31, 2003

TOWN OF CHESTERFIELD

By: Gerald H. Morrow
Gerald H. Morrow
Supervisor

**SCHEDULE A
(Patents)**

Patents : 6,000,163

**SCHEDULE B
(Trademarks)**

None

**SCHEDULE C
(Licenses)**

Patents Licensed:

None