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Docket No.: NORCROWN

FORM PTO-1595 (Modified)  
(Rev. 03-01)  
OMB No. 0651-0027 (exp 5/31/2002)  
P08/REV03

RE

08-27-2002

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

Tab settings → → → ▼ ▼



102202694

To the Honorable Commissioner of Patents and Trademarks

Use record the attached original documents or copy thereof.

## 1. Name of conveying party(ies):

V-Formation, Inc.

OFFICE OF PUBLIC RECORDS

2002 AUG 22 AM 10: 03

8-22-02 FINANCE SECTION

Additional names(s) of conveying party(ies)

☐ Yes ☒ No

## 3. Nature of conveyance:

☐ Assignment☐ Merger☒ Security Agreement☐ Change of Name☐ Other

Execution Date: August 19, 2002

## 2. Name and address of receiving party(ies):

Name: Norcrown Bank

Internal Address:

Street Address: 66 West Mount Pleasant Avenue

City: Livingston State: NJ ZIP: 07039

Additional name(s) & address(es) attached? ☐ Yes ☒ No

## 4. Application number(s) or patent numbers(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)

5,803,466

6,045,143

5,873,584

6,082,746

5,915,703

6,135,463

6,003,882

6,398,230

Additional numbers attached? ☐ Yes ☒ No

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

Name: Louis M. Heidelberger, Esq.

Internal Address: REED SMITH LLP

08/21/2002 TDI A21 00000194 5803466

01 FC:581

320.00 OP

Street Address: 2500 One Liberty Place

1650 Market Street

City: Philadelphia State: PA ZIP: 19103

## 6. Total number of applications and patents involved:

8

## 7. Total fee (37 CFR 3.41):.....\$ 320.00

☒ Enclosed - Any excess or insufficiency should be credited or debited to deposit account☐ Authorized to be charged to deposit account

## 8. Deposit account number:

18-0586

(Attach duplicate copy of this page if paying by deposit account)

## 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.

Jonathan M. Darcy

Name of Person Signing

Signature

August 22, 2002

Date

Total number of pages including cover sheet, attachments, and document: 16

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents & Trademarks, Box AssignmentsPATENT  
REEL: 013211 FRAME: 0190

**COLLATERAL ASSIGNMENT, SECURITY AGREEMENT AND MORTGAGE  
(PATENTS)**

**THIS COLLATERAL ASSIGNMENT, SECURITY AGREEMENT AND MORTGAGE** (the "Security Agreement") is made as of this 19<sup>th</sup> day of August, 2002 by **V-FORMATION, INC.**, a New Jersey corporation with its principal place of business located at 99 Wood Avenue South, Suite 805, Iselin, New Jersey 08830 (the "Grantor") in favor of **NORCROWN BANK**, a state-chartered bank organized and existing under the laws of the State of New Jersey, having an office at 66 West Mount Pleasant Avenue, Livingston, New Jersey 07039 (the "Lender").

**WHEREAS**, the Grantor is the owner and holder of the Patents listed on Schedule A annexed hereto and made a part hereof; and

**WHEREAS**, the Grantor and the Lender are about to enter into a certain Loan and Security Agreement of even date herewith (said Agreement, as it may hereafter be amended, supplemented, restated or otherwise modified from time to time being the "Loan Agreement") (any capitalized terms used, but not specifically defined herein, shall have the meaning provided for such terms in the Loan Agreement); and

**WHEREAS**, to induce the Lender to enter into the Loan Agreement and to grant the loans, advances and extensions of credit to the Grantor in accordance with the Loan Agreement, the Grantor has offered to execute and deliver this Security Agreement to the Lender, granting and conveying to the Lender mortgage and security interest, first in priority, upon the Collateral (as such term is hereinafter defined);

**NOW, THEREFORE**, in consideration of the foregoing, in consideration of the premises set forth in the Loan Agreement and in order to induce the Lender to grant the loans, advances and extensions of credit to the Grantor in accordance with the Loan Agreement, the Grantor hereby agrees with the Lender as follows:

1. **Grant of Security.** To secure payment and performance of all of the Obligations (as such term is hereinafter defined) of the Grantor to the Lender, the Grantor hereby mortgages to and pledges with the Lender and grants and conveys to the Lender a security interest in all of the Grantor's right, title and interest in and to the Collateral (as such term is hereinafter defined), which security interest shall remain in full force and effect until all of the Obligations of the Grantor to the Lender are fully paid and indefeasibly satisfied; provided, however, anything herein, in the Loan Agreement or in any other document, instrument, writing or agreement related thereto to the contrary notwithstanding, the maximum liability of the Grantor secured by the Collateral hereunder and under the Loan Agreement shall in no event exceed an amount equal to the largest amount that would render the Grantor's obligations hereunder subject to avoidance under Section 548 of the Title 11 of the U.S. Code, as amended (the "Bankruptcy Code") or any equivalent provision of the law of any state.

2. **Certain Defined Terms.** As used in this Security Agreement, unless the context otherwise requires:

(a) "Collateral": Shall mean, collectively and individually--

(i) each of the Patents (as such term is hereinafter defined) listed on Schedule A annexed hereto and made a part hereof;

(ii) each of the Licenses (as such term is hereinafter defined);

(iii) all accounts, contract rights and general intangibles of the Grantor arising under or relating to the Licenses, whether now existing or hereafter arising, including, without limitation, (1) all moneys due and to become due under any License, (2) any damages arising out of or for breach or default in respect of any such License, (3) all other amounts from time to time paid or payable under or in connection with any such License, and (4) the right of the Grantor to terminate any such License or to perform and to exercise all remedies thereunder;

(iv) any claims by the Grantor against third parties, and all proceeds of suits, for infringement of the Patents, and the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States; and

(v) as to all of the foregoing (i) through (iv) inclusive, and any and all cash proceeds, non-cash proceeds and products thereof, additions and accessions thereto, replacements and substitutions therefor, and all related books, records, journals, computer print-outs and data, of the Grantor.

(b) "Licenses". Collectively and individually, any and all Patent license agreements granted by the Grantor to third parties or third parties to the Grantor, whether now existing or hereafter arising, as any of same may from time to time be amended or supplemented, including, but not limited to, the license agreements listed on Schedule B annexed hereto and made a part hereof.

(c) "Obligations". All loans, advances, indebtedness, notes, liabilities, overdrafts, and other amounts, liquidated or unliquidated, each of every kind, nature and description, whether arising under this Agreement, the Loan Agreement or otherwise, including, without limitation, principal and interest, and whether secured or unsecured, direct or indirect, absolute or contingent, due or to become due, now existing, presently intended or contemplated, or hereafter contracted.

(d) "Patents". Collectively and individually, all (i) utility, design and plant patents, utility models, industrial designs, interior certificates and statutory invention registrations of the United States or any other country, or any political subdivisions thereof, all whether now or hereafter owned or licensable by the Grantor, including, but not limited to, those listed on Schedule A annexed hereto and made a part hereof; and

(ii) reissues, continuations, continuations-in-part, divisionals or term restorations and all extensions thereof and all licenses thereof.

3. **Representations, Warranties and Covenants of the Grantor.** The Grantor hereby represents, warrants, covenants and agrees as follows:

(a) Title to Patents. The Grantor has sole, exclusive, full, clear and unencumbered right, title and interest in and to each of the Patents and the application of the each of the Patents are valid and subsisting and in full force and effect. The Patents have not been abandoned, suspended, voluntarily terminated or cancelled by the Grantor and, to the best of the Grantor's knowledge, has not been adjudged invalid or unenforceable.

(b) Use of Patents. Except to the extent that (i) the Lender, upon prior written notice by the Grantor shall consent, or (ii) the Grantor determines in its reasonable business judgment that the Patents have negligible economic value and such Patents are no longer utilized in the ordinary course of the Grantor's business, the Grantor (either itself or through licensees) has used and will continue to make, have made, use and/or sell any and all products, methods, processes and/or compositions within the scope of the Patents and the Grantor will not (and will

not permit any licensee thereof to) do any act or knowingly omit to do any act whereby the Patents may become invalidated, abandoned, unenforceable, avoided, avoidable or otherwise diminished in value, and shall notify the Lender immediately if it knows of any reason or has reason to know of any ground under which any of the foregoing may occur.

(c) License or Assignment of Patents. Without prior written notice to the Lender, the Grantor shall not license or assign the Patents to any party. The Grantor shall not license or assign any Patents if an Event of Default exists.

(d) Further Assurances. The Grantor will perform all acts and execute all further instruments and documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark office, reasonably requested by the Lender at any time to evidence, perfect, maintain, record and enforce the Lender's interest in the Collateral or otherwise in furtherance of the provisions of this Security Agreement, and the Grantor hereby authorizes the Lender to execute and file (with or without the signature of the Grantor) one or more financing statements (and similar documents) or copies thereof or this Security Agreement with respect to the Collateral signed only by the Lender. The Grantor shall notify the Lender if any License or Patent is terminated or cancelled for any reason.

(e) Costs and Expenses. The Grantor shall pay on demand all reasonable and necessary expenses and expenditures of the Lender, including, without limitation, reasonable attorneys' fees and expenses, incurred or paid by the Lender in protecting, enforcing or exercising its interests, rights or remedies created by, connected with or provided in this Security Agreement, or performance pursuant to this Security Agreement.

(f) Pledge of Additional Patents. In the event the Grantor, either itself or through any agent, employee, licensee or designee shall:

(i) file an application for the registration of any Patent with the United States Patent and Trademark office or any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof; or

(ii) file any assignment of any Patent which the Grantor may acquire, own or license from a third party, with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof;

the Grantor shall promptly, but in no event more than fifteen (15) days subsequent to such filing, notify the Lender thereof, and, upon request of the Lender shall promptly, but in no event more than twenty (20) days subsequent to such notice, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Lender may reasonably request to evidence the Lender's interest in such patent or trademark and the goodwill and general intangibles of the Grantor relating thereto or represented thereby. The Grantor hereby grants the Lender a power of attorney, irrevocable until the Obligations of the Grantor to the Lender are fully paid and indefeasibly satisfied, to modify this Security Agreement by amending Schedule A and Schedule B, as applicable, to include any future Patents or Licenses, including, without limitation, registrations or applications appurtenant thereto, covered by this Security Agreement.

(g) Grantor's Authority, Etc. The Grantor has the right and power to mortgage and pledge the Collateral and to grant the security interest in the Collateral herein granted; and the Collateral is not now, and at all times hereafter will not be subject to any liens, licenses (other than as permitted under subparagraph 3(c) of this Security Agreement), pledges, assignments, registered license agreement, covenants not to sue by the Grantor or other encumbrance of any nature whatsoever, and the Grantor has not received any notice from any third party claiming any

right or interest in and to any of the Collateral or that the Grantor's use thereof infringes the rights of any third party.

(h) Negative Pledge. The Grantor will not, without the prior written consent of the Lender, assign (by operation of law or otherwise), sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, grant an exclusive or non-exclusive license upon (other than those existing Licenses listed on Schedule B annexed hereto and made a part hereof), or otherwise encumber, grant rights to any other person upon or dispose of any of the Collateral, and nothing in this Security Agreement shall be deemed a consent by the Lender to any such action except as expressly permitted herein. The Grantor shall defend the Collateral against and shall take such other action as is necessary to remove any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Collateral, and will defend the right, title and interest of the Lender in and to any of the Grantor's rights under the Collateral against the claims or demands of all persons whomsoever.

(i) No Additional Patents. As of the date hereof, the Grantor does not own any Patents, or have any Patents registered in or the subject of pending applications in the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, other than those grants, registrations or applications for registrations listed on Schedules A and B annexed hereto and made a part hereof.

(j) Additional Further Assurances. The Grantor will take all necessary steps in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country, or any political subdivision thereof, (i) to maintain each registration and grant of the Patents and Licenses, and (ii) in accordance with its reasonable business judgment and at its expense, to halt any infringement of the Patents and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees in connection with the Licenses.

(k) Responsibility and Liability. The Grantor assumes all responsibility and liability arising from the use of the Patents and Licenses, and hereby indemnifies and holds the Lender and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys, fees and expenses) arising out of any alleged defect in any product manufactured, promoted or sold by the Grantor in connection with any of the Patents or otherwise arising out of the Grantor's operation of its business from the use of the Patents. In any suit, proceeding or action brought by the Lender under any License for any sum owing thereunder, or to enforce any provisions of such License, the Grantor will indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever of the obligee thereunder or arising out of a breach of the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantor, and all such obligations of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against the Lender.

(l) Lender's Rights. The Lender may, in its sole discretion, pay any amount or do any act required of the Grantor hereunder or requested by the Lender to preserve, defend, protect, maintain, record or enforce the Grantor's obligations contained herein, the Obligations of the Grantor to the Lender, the Collateral, or the right, title and interest granted the Lender herein, and which the Grantor fails to do or pay, and any such payment shall be deemed an advance by the Lender to the Grantor and shall be payable on demand together with interest thereon at the default rate of interest as specified in Section 1.3(d) of the Loan Agreement.

4. **Lender's Appointment as Attorney-in-Fact.**

(a) The Grantor hereby irrevocably constitutes and appoints the Lender, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in its own name, from time to time in the Lender's discretion, for the purposes of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives the Lender the power and right, on behalf of the Grantor, to do the following:

(i) To pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement or the Loan Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(ii) Upon the occurrence of an Event of Default:

(1) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any Licenses and, in the name of the Grantor or in its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Lender for the purpose of collecting any and all such moneys due under any License whatsoever;

(2) to direct any party liable for any payment under any of the Licenses to make payment Of any and all moneys due and to become due thereunder directly to the Lender or as the Lender shall direct;

(3) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral;

(4) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(5) to defend any suit, action or proceeding brought against the Grantor with respect to any Collateral;

(6) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate;

(7) generally, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do.

(b) This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, the Grantor further agrees to execute any additional documents which the Lender may require in order to confirm this power of attorney, or which the Lender may deem necessary to enforce any of its rights contained in this Security Agreement.

(c) The powers conferred to the Lender hereunder are solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise any such powers. The Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither the Lender nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for the Lender's own gross negligence or willful misconduct.

(d) The Grantor also authorizes the Lender to execute, in connection with any sale provided for in this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

5. **Event of Default.** The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement:

(a) The occurrence of any Default under the Loan Agreement.

(b) A breach by the Grantor of any covenant contained in this Security Agreement;

(c) If any warranty or representation contained in this Security Agreement, including, without limitation, the warranties and representations contained in Section 3 of this Security Agreement, shall be incorrect in any material respect.

6. **Remedies.**

(a) Upon the occurrence of an Event of Default, in addition to all other rights and remedies of the Lender, whether under law, in equity or otherwise (all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently):

(i) the Lender shall have all of the rights and remedies set forth in the Loan Agreement;

(ii) immediately upon the Lender's written request, the Grantor shall not make any further use of the Patents for any purposes;

(iii) the Lender may, at any time and from time to time, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Patents throughout the world for such term or terms, on such conditions, and in such manner, as the Lender shall in its sole discretion determine;

(iv) the Lender may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Grantor in, to and under any one or more license agreements with respect to the Collateral, including, without limitation the Licenses, and take or refrain from taking any action under any license or sublicense thereof, and the Grantor hereby releases the Lender from, and agrees to hold the Lender free and harmless from and against, any claims arising out of any action taken or omitted to be taken with respect to any such license agreements;

(v) the Lender may foreclose upon the Collateral for the purpose of using, assigning, selling or otherwise disposing of the Collateral or any of it, either with or without special or other conditions or stipulations, and record any documents with the United States Patent and Trademark office necessary to evidence the Lender's ownership in the Collateral;

(vi) the Lender may appear before the United States Patent and Trademark Office as owner of the Collateral, without recording or filing any documents to evidence the Lender's ownership in the Collateral;

(vii) whether or not the Lender forecloses upon the Collateral in accordance with this Security Agreement, the Lender may, at any time and from time to time, assign, sell, or otherwise dispose of, the Collateral or any of it either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Lender shall, in its sole discretion, deems appropriate or proper; and

(viii) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral, the Lender may, at any time, pursuant to the authority granted in the Power of Attorney in the form of Schedule C annexed hereto and made a part hereof (such authority becoming effective on the occurrence of an Event of Default), execute and deliver on behalf of the Grantor, one or more instruments of assignment of the Patents (or any application or registration thereof), in form suitable for filing, recording or registration in any country. The Grantor agrees to pay when due all reasonable costs and expenses incurred in any such transfer of the Patents, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations of the Grantor to the Lender. The Lender may apply the proceeds actually received from any such license, assignment, sale or other disposition to the payment of the Obligations of the Grantor to the Lender as provided for in the Loan Agreement. The Grantor shall remain liable for any deficiency with respect to the obligations of the Grantor to the Lender, which shall bear interest and be payable at the default rate of interest under the Loan Agreement. The rights of the Grantor to receive any surplus shall be subject to any duty of the Lender imposed by law to holder of any subordinate security interest in the Collateral known to the Lender. Nothing contained herein shall be construed as requiring the Lender to take any such action at any time.

(b) Notwithstanding anything contained in this Security Agreement to the contrary, the Lender shall not foreclose upon, dispose of or be deemed the owner of any Patent unless and until the Lender has provided the Grantor with advance written notice of its intent to foreclose upon, dispose of or take an ownership interest in any Patent. Any writing given by the Lender to the Grantor under this paragraph 6 must make explicit reference to this Security Agreement and of the Lender's intent to exercise its rights and remedies hereunder.

7. **Execution of Special Power of Attorney.** Concurrently with the execution and delivery of this Security Agreement, the Grantor is executing and delivering to the Lender a certain Power of Attorney, in the form of Schedule C annexed hereto and made a part hereof, for the implementation of the sale, assignment, licensing or other disposition of the Collateral pursuant to this Security Agreement.

8. **Amendments and Modification.** No provision hereof shall be modified, altered, waived or limited except by a written instrument expressly referring to this Security Agreement and executed by the party to be charged.



9. **Binding Nature.** This Security Agreement shall be binding upon and inure to the benefit of the successors, assigns or other legal representatives of the Grantor, and shall, together with the rights and remedies of the Lender hereunder, be binding upon and inure to the benefit of the Lender, its successors, assigns or other legal representatives. The Guarantor shall not assign this Security Agreement without the prior written consent of the Lender.

10. **GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.**

11. **Notices.** All notices, requests, demands and other communications provided for hereunder shall be in-writing (unless otherwise expressly provided herein) and shall be sent and deemed to have been received as set forth in the Loan Agreement.

12. **Continuing Security Interest; Assignments.** This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full in cash or in another manner acceptable to Lender and termination of the Obligations of the Grantor to the Lender, (b) be binding upon and inure to the benefit of, and be enforceable by, the Grantor, its successors and assigns, and (c) be binding upon and inure to the benefit of, and be enforceable by, the Lender and its successors, transferees and assigns. Upon the payment in full in cash or in another manner acceptable to Lender and termination of the obligations of the Grantor to the Lender then outstanding, the security interest granted hereby shall terminate and all rights granted as security in the Collateral to the Lender shall revert to the Grantor. Upon any such termination, the Lender will, at Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

13. **Counterparts.** This Security Agreement may be executed in counterparts, each of which, when taken together, shall be deemed one and the same instrument.

14. **Headings.** Section headings herein are included for convenience of reference only and shall not constitute a part of this Security Agreement for any other purpose.

15. **Acknowledgment of Receipt.** The Grantor acknowledges receipt of a copy of this Security Agreement.

16. **No Waiver.** No course of dealing between the Grantor and the Lender, and no delay or omission of the Lender in exercising or enforcing any of the Lender's rights and remedies hereunder shall constitute a waiver thereof; and no waiver by the Lender of any Event of Default shall operate as a waiver of any other Event of Default.

17. **Severability.** If any of the provisions of this Security Agreement shall contravene or be held invalid under the laws of any jurisdiction, this Security Agreement shall be construed as if not containing such provisions and the rights, remedies, warranties, representations, covenants, and provisions hereof shall be construed and enforced accordingly in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction, or any other provisions of this Security Agreement in any jurisdiction.

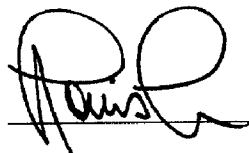
18. **Interest Granted to Lender.** Notwithstanding any provision of this Security Agreement to the contrary, the interest granted to the Lender under this Security Agreement is intended to be a pledge and a security interest only, and the execution of this Security Agreement is not intended to create an assignment or a transfer of title or any other property rights to the Patents.

19. **WAIVER OF JURY TRIAL.** THE GRANTOR WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS SECURITY AGREEMENT.

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement to be duly executed as of the day and year first above written.

WITNESS:

V-FORMATION, INC.

  
\_\_\_\_\_

By:   
Robert Miragliotta  
Chief Financial Officer

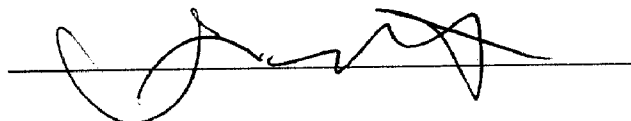
**CORPORATE ACKNOWLEDGMENT**

STATE OF NEW JERSEY    )  
                                      :SS  
COUNTY OF MIDDLESEX

I certify that on August 19, 2002, Robert Miragliotta personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person signed and delivered this document as the Chief Financial Officer of V-FORMATION, INC., the corporation named in this document; and

(b) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors.

  
\_\_\_\_\_

JOANNE M. BELLUCCI  
A Notary Public of New Jersey  
My Commission Expires 1/27/2004

Schedule A to Security Agreement and Mortgage

PATENTS

Patent

Application or  
Registration Date

Application, Serial  
or Registration Number

SEE ATTACHED

	PATENT No.	STATUS	PATENT DESCRIPTION	ISSUE		EXPIR.	
				DATE		DATE	
1	5303940	NL	Skate-angularly mounted wheels	4/19/1994		4/19/2011	
2	5662338	EL	Skate with lateral torque support	9/2/1997		9/2/2014	
3	5803466	O	Toe plate with dual flanges	9/8/1998		9/8/2015	
4	5810368	EL	Skate with lateral torque support	9/22/1998		9/22/2015	
5	5839734	EL	Convertible skate	11/24/1998		11/24/2015	
6	5845927	EL	Convertible skate	12/8/1998		12/8/2015	
7	5873584	O	In-line roller skate frame	2/23/1999		1/17/2015	
8	5915703	O	Axel and related assembly method	6/29/1999		1/9/2017	
9	6003882	O	Customizable skate	12/21/1999		11/14/2016	
10	6045143	O	Toe plate with dual flanges	4/4/2000		1/9/2017	
11	6082746	O	Axel and related assembly method	7/4/2000		1/9/2017	
12	6135463	O	Quick release sidewalls	10/24/2000		1/9/2017	
13	6065758	EL	Convertible skate w/recessed cavity	5/23/2000		12/30/2014	
14	6217035	EL	Convertible skate w/releasable sole	4/17/2001		11/23/2018	
15	6398230	O	Skate with angled wheels	6/4/2002		12/4/2020	
16	6398231	EL	Skate with angled wheels	6/4/2002		11/30/2020	

**KEY:** EL Exclusive License  
 NL Non-Exclusive License  
 O Owned  
 P Pending

Schedule B to Security Agreement and Mortgage

LICENSES

SEE ATTACHED

	PATENT No.	STATUS	PATENT DESCRIPTION	ISSUE DATE	EXPIR. DATE
1	5303940	NL	Skate-angularly mounted wheels	4/19/1994	4/19/2011
2	5662338	EL	Skate with lateral torque support	9/2/1997	9/2/2014
3	5803466	O	Toe plate with dual flanges	9/8/1998	9/8/2015
4	5810368	EL	Skate with lateral torque support	9/22/1998	9/22/2015
5	5839734	EL	Convertible skate	11/24/1998	11/24/2015
6	5845927	EL	Convertible skate	12/8/1998	12/8/2015
7	5873584	O	In-line roller skate frame	2/23/1999	1/17/2015
8	5915703	O	Axel and related assembly method	6/29/1999	1/9/2017
9	6003882	O	Customizable skate	12/21/1999	11/14/2016
10	6045143	O	Toe plate with dual flanges	4/4/2000	1/9/2017
11	6082746	O	Axel and related assembly method	7/4/2000	1/9/2017
12	6135463	O	Quick release sidewalls	10/24/2000	1/9/2017
13	6065758	EL	Convertible skate w/recessed cavity	5/23/2000	12/30/2014
14	6217035	EL	Convertible skate w/releasable sole	4/17/2001	11/23/2018
15	6398230	O	Skate with angled wheels	6/4/2002	12/4/2020
16	6398231	EL	Skate with angled wheels	6/4/2002	11/30/2020

**KEY:** EL      Exclusive License  
 NL      Non-Exclusive License  
 O      Owned  
 P      Pending

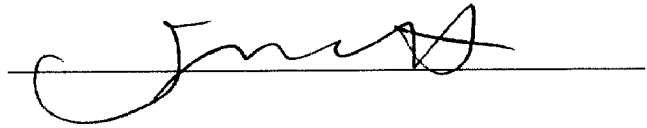
CORPORATE ACKNOWLEDGMENT

STATE OF NEW JERSEY )  
COUNTY OF Middlesex )<sup>SS</sup>

I certify that on August 19, 2002, Robert Mirapliotti personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person signed and delivered this document as the Chief Financial Officer of **V-FORMATION, INC.**, the corporation named in this document; and

(b) this document was signed and delivered by the corporation as its voluntary act duly authorized by a proper resolution of its Board of Directors.



JOANNE M. BELLUCCI  
A Notary Public of New Jersey  
My Commission Expires 1/27/2004

SPECIAL POWER OF ATTORNEY

**KNOW ALL MEN BY THESE PRESENTS**, that this 15<sup>th</sup> day of August, 2002, **V-FORMATION, INC.**, a New Jersey corporation with its principal place of business located at 99 Wood Avenue South, Iselin, New Jersey 08830 (the "Grantor"), pursuant to a certain Collateral Assignment, Security Agreement and Mortgage of even date herewith (the "Security Agreement") by the Grantor in favor of **NORCROWN BANK**, a state-chartered bank organized and existing under the laws of the State of New Jersey, having an office located at 66 West Mt. Pleasant Avenue, Livingston, New Jersey 07039 (the "Lender"), hereby appoints and constitutes the Lender as its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of the Grantor, in accordance with the terms and provisions of the Security Agreement:

1. Assigning, selling or otherwise disposing of all right, title and interest of the Grantor in and to the Patents listed on Schedule A annexed to the Security Agreement, and to any Patents that the Grantor may now or hereafter acquire, and including, without limitation, those Patents which may be added to the same subsequent to the date of this Special Power of Attorney, and all registrations and recordings thereof, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, and to execute and deliver any and all other agreements, documents, instruments or assignment or other papers necessary or advisable to effect such purpose, in each case, in accordance with the terms and provisions of the Security Agreement; and

2. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as the Lender may in its sole discretion determine.

This Special Power of Attorney is made pursuant to the Security Agreement and may not be revoked until the Obligations, as such term is defined in the Security Agreement, of the Grantor to the Lender are fully paid and satisfied.

**IN WITNESS WHEREOF**, the Grantor has caused this Special Power of Attorney to be duly executed as of the day and year first above written.

WITNESS:

  
\_\_\_\_\_

V-FORMATION, INC.

By:   
ROBERT MIRAGLIOTTA  
Chief Financial Officer