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04-02-2003

Form PTO-1595  
(Rev. 10/02)

RECORDATION F  
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MENT OF COMMERCE  
t and Trademark Office

OMB No. 0651-0027 (exp. 6/30/2005)



102406810

Tab settings

To the Honorable Commissioner of Patents and Trademarks: Please record this application or copy thereof.

1. Name of conveying party(ies):

Dolphin Electreel, Inc., a Florida corporation  
John Gardi  
Ildiko Gardi

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

2. Name and address of receiving party(ies)

Name: Frank Pechar

Internal Address: \_\_\_\_\_

Street Address: 3948 Berlin Drive

City: Sarasota State: FL Zip: 34232

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

3. Nature of conveyance:

- Assignment  Merger
- Security Agreement  Change of Name
- Other \_\_\_\_\_

Execution Date: March 3, 2003

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) 5,752,461

Additional numbers attached?  Yes  No

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

Name: Benjamin R. Hanan, Esquire

Internal Address: \_\_\_\_\_

Street Address: 240 S. Pineapple Avenue

10th Floor

City: Sarasota State: FL Zip: 34236

6. Total number of applications and patents involved:  1

7. Total fee (37 CFR 3.41).....\$ 40.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

N/A

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

04/01/2003 MUELLER 00000186 5752461

01 FC:8421

40.00/DP

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.

BENJAMIN R. HANAN

Name of Person Signing

Signature

3/3/03

Date

Total number of pages including cover sheet, attachments, and documents:  13

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231

PATENT  
REEL: 013897 FRAME: 0001

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") effective as of the 3 day of March, 2003, is made and entered into by and between John Gardi, Ildiko Gardi and Dolphin Electreel, Inc. (all of the above, collectively, "Borrower") and Frank Pechar (hereinafter referred to as "Secured Party") (all parties hereto collectively, the "Parties):

**WHEREAS**, the Secured Party has agreed to accept certain payments over time, pursuant to that certain Promissory Note and related documents, by and among the Parties, dated March 3, 2003, (the "Loan Documents") the terms and conditions of which are hereby incorporated; and

**WHEREAS**, in order to induce Secured Party to enter into the Loan Documents, Borrower has agreed to grant to Secured Party a security interest in certain items of collateral as set forth more fully in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Security Interest.** Borrower hereby grants to Secured Party a security interest (the "Security Interest") in all of the assets of the Borrower including but not limited to the assets described on Exhibit "A" hereto and in all attachments, additions, replacements, substitutions, and accessions and in all proceeds thereof in any form now existing, after acquired and hereafter arising (hereafter called "Collateral"). Borrower hereby represents and warrants that, other than with respect to the security interest granted hereby, and as set forth in that certain UCC-1, instrument number 200200231071, and recorded by Peoples Community Bank of the West Coast, the Collateral is owned by the Borrower free and clear of any and all liens and encumbrances.
2. **Indebtedness Secured.** This Agreement and the security interest created by it secures payment of the indebtedness of Borrower to Secured Party arising out of the Promissory Note between Borrower and Secured Party in the original principal amount of One Hundred Forty-Five Thousand Seven Hundred Fifteen and 03/100 Dollars (\$145,715.03) (hereinafter referred to as the "Indebtedness").
3. **Warranties.** Borrower hereby covenants and warrants that, at the execution hereof and at all times throughout the duration hereof:

(a) Borrower will join with Secured Party to file, wherever Secured Party deems appropriate, financing statements in the form and content reasonably required by Secured Party, describing the Collateral in the same manner as it is described herein. From time to time, but not more

than once every 30 days, at the request of Secured Party, Borrower shall execute one or more financing statements and such other documents and do such other acts and things, all as Secured Party may reasonably request, to establish and maintain a valid, perfected security interest in the Collateral.

(b) As long as any Indebtedness is outstanding, Borrower will not (i) permit any superior liens, encumbrances or security interests other than Secured Party's security interest to attach to any of the Collateral; (ii) permit any of the Collateral to be levied upon under legal process; (iii) sell, transfer, license, or otherwise dispose of any of the Collateral or any interest therein, or offer so to do, without the prior written consent of Secured Party, other than the sale of inventory in the ordinary course of business consistent with past practice; (iv) permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement; or (v) permit the Collateral to be or become an accession to other goods or property.

(c) Upon reasonable notice, Secured Party may examine and inspect the Collateral at any reasonable time, wherever located. Borrower will pay promptly when due all taxes and assessments upon the Collateral. Secured Party agrees that it shall keep confidential, and not disclose to any third parties, any information or documentation it receives with respect to the Collateral, subject to any requirements by a court and/or at law.

(d) Borrower will at all times maintain the validity and authority of the U.S. Patents that are a portion of the Collateral and shall at all times keep such U.S Patents in good standing under all applicable laws and rules.

4. **Insurance.** Borrower may, while it is indebted to Secured Party, keep the Collateral insured against loss, theft, and damage in accordance with normal industry practices. In such event, the insurance policy referred to above shall provide that loss thereunder and proceeds payable thereunder shall be payable to Secured Party as its interest may appear. The policy also shall provide that no act or default of Borrower shall affect the right of Secured Party to recover. Notwithstanding the foregoing, Borrower may use such proceeds to replace damaged or lost collateral and continue operation of Borrower's business so long as such Collateral is substituted for the lost security hereunder and if Secured Party agrees thereto in writing. In the event Borrower does not use such proceeds to replace lost or damaged Collateral, Secured party may apply any proceeds of the insurance received toward payment of the Indebtedness, whether due or not due, in such order of application as it may determine. In the event Borrower acquires such insurance, each policy shall provide for ten (10) days' written minimal cancellation notice to Secured Party. If Secured Party so requests, copies of the said policies shall be deposited with Secured Party. Notwithstanding anything herein to the contrary, Secured Party acknowledges and agrees that nothing contained in this Agreement shall be construed as requiring Borrower to acquire such insurance. Borrower

at all times will keep the Collateral in good condition and will not waste or destroy the Collateral or any part of it in accordance with normal industry practices.

5. **Default.** Borrower shall be in default under this Agreement upon the happening of any of the following events or conditions:

(a) failure or omission, after any applicable notice, grace, or other cure periods, to pay when due any Indebtedness of Borrower to Secured Party (or any installment thereof or interest thereon) or default in the payment or performance of any obligation, covenant, agreement or liability contained or referred to in this Agreement, the Loan Documents or any other agreement among the Borrower and the Secured Party;

(b) a sale of any of the Collateral other than the sale of inventory in the ordinary course of business consistent with past practice;

(c) the making of any levy, seizure, or attachment of, or encumbrance on any of the Collateral, which is not cured within thirty (30) days; or

(d) appointment of a receiver for all or any part of the Collateral, which is not cured within thirty (30) days.

6. **Secured Party's Rights and Remedies.** Upon the occurrence of any default (as set forth in paragraph 5 above) or at any time thereafter, in addition to any and all rights available to the Secured Party at law or equity, Secured Party shall have and may exercise any and all rights and remedies set forth in the Loan Documents.

7. **Rights and Remedies of Borrower.** Borrower shall only have the rights and remedies provided in the Loan Documents.

8. **Fees and Costs.** The Parties agree that each Party shall bear their own costs attorneys' fees incurred through the Effective Date of this Agreement. If a dispute arises between the Parties relative to the terms of this Agreement, the prevailing Party shall be entitled to recover their reasonable attorney fees and costs, whether or not incurred with or without the need for litigation, prior to trial, at trial, on appeal or in bankruptcy, insolvency or related proceedings and including the attorneys' fees incurred in disputes as to the amount of reasonable attorneys' fees and in the collection of any and all such fees and costs.

9. **Miscellaneous.**

(a) Borrower appoints Secured Party as Borrower's attorney-in-fact to execute any such financing statement or statements in Borrower's name and to perform all other acts which Secured Party deems appropriate to perfect and to continue perfection of the Security Interest.

(b) Upon Borrower's failure to perform any of its duties hereunder Secured Party may but it shall not be obligated to perform any of such duties and Borrower shall forthwith upon demand reimburse Secured party for any expense incurred by Secured Party in so doing.

(c) No delay or omission by Secured Party in exercising any right hereunder or with respect to any Indebtedness shall operate as a waiver of that or any other right, and no single or partial exercise of any right shall preclude Secured Party from any other or further exercise of any other right or remedy. Secured Party may cure any default by Borrower in any reasonable manner without waiving the default so cured and without waiving any other prior or subsequent default by Borrower.

(d) Secured Party shall have no obligation to take and Borrower shall have the sole responsibility for taking any steps to preserve rights against all prior parties. Borrower waives presentment for payment, notice of protest, notice of nonpayment (except as otherwise agreed by the parties or provided herein), notice of dishonor and protest of any instrument at any time held by Secured Party on which Borrower is in any way liable and, if waivable, waives notice of any other action taken by Secured Party.

(e) The rights and benefits of Secured party under this Agreement shall, if Secured Party agrees, inure to any party acquiring an interest in the Indebtedness or any part thereof.

(f) The terms "Secured Party" and "Borrower" as used in this Agreement include the heirs, personal representatives, and successors or assigns of those parties. The singular pronoun shall include the plural, and the neuter shall include the masculine and feminine.

(g) This Agreement may not be modified or amended nor shall any provision or if be waived except by a written instrument signed by Borrower and Secured party.

(h) This Security Agreement is a continuing agreement and shall survive any closing and shall remain in force until all of the Indebtedness together with all interest thereon shall be paid in full.

10. **Notices.** All notices under this Agreement shall be in writing and shall be given to the Parties and their counsel at the applicable addresses set forth below, either by hand delivery or facsimile transmission. Proper Notice to a Party's counsel shall constitute proper Notice to such Party. Notice shall be effective the first business day following delivery, if by hand delivery, or following transmission, if by facsimile. Any Party may change its address at any time by written notice to all other Parties hereto, but

11. **Escrow.** Borrower and Secured Party agree that an executed Assignment, substantially in the form of Exhibit "B" hereto (the "Assignment") shall be held by Abel, Band, Russell, Collier, Pitchford & Gordon, Chartered, as agent for Secured Party. Upon receipt of a written affidavit from Secured Party stating that Borrower is in default hereunder or any other Loan Document, Abel, Band, Russell, Collier, Pitchford & Gordon, Chartered shall deliver the Assignment to Secured Party. Upon full payment and satisfaction of the Loan Documents by Borrower as evidenced by a written affidavit executed by Secured Party, Abel, Band, Russell, Collier, Pitchford & Gordon Chartered shall return the Assignment to Borrower. Borrower and Secured Party do hereby agree to indemnify and hold Abel, Band, Russell, Collier, Pitchford & Gordon harmless with respect to any actions taken by it hereunder and any costs and expenses, including attorneys' fees, paralegals' fees and legal assistant' fees, relating to this Agreement.

If to John Gardi, Ildiko Gardi  
or Dolphin Electreel, Inc.:

2819 62nd Avenue East  
Bradenton, Florida 34203

With a copy to:

Andrew Fristch, Esquire  
Icard Merrill Cullis Timm Furen & Ginsburg, PA  
2033 Main Street – Suite 600  
Sarasota, Florida 34230  
facsimile: 941 - 366-6384

If to Frank Pechar:

3948 Berlin Drive  
Sarasota, Florida 34233

With a copy to:

Benjamin R. Hanan, Esquire  
Abel, Band, Russell, Collier, Pitchford & Gordon  
240 S. Pineapple Ave, 10<sup>th</sup> Floor  
Sarasota, Florida 34236  
facsimile: 941-366-3999

12. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of Florida. Whenever possible, each provision of this Agreement shall be interpreted to be effective and valid under applicable law. If any provision of this Agreement is prohibited by or invalid under applicable law, the provision shall be ineffective only to the extent of the prohibition or invalidity, without invalidating the remainder of the provision or the other remaining provisions of this Agreement.

13. **Retention of Jurisdiction and Venue.** Each Party hereto agrees to submit to personal jurisdiction of the courts of the State of Florida and the United States District Court, Middle District of Florida, Tampa Division, in connection with any action arising from or attributable to this Agreement or its enforcement and that continuing jurisdiction and venue for any such action shall exclusively rest in this Court. Moreover, the Parties agree that this Agreement is fully enforceable notwithstanding the fact that the


Agreement contemplates the execution of additional documents together with court orders as referenced above.

14. **Counterparts; Facsimile Signatures.** This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall constitute one and the same agreement. The facsimile signatures of any party hereto shall be deemed to be an original signature of such party, valid and effective for all purposes.

15. **Persons Bound.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns including any Chapter 7 or Chapter 11 Trustees appointed in any bankruptcy case. Whenever required by the context, the singular number shall include the plural, the plural the singular, and the use of any gender shall include any other gender as appropriate in the context.

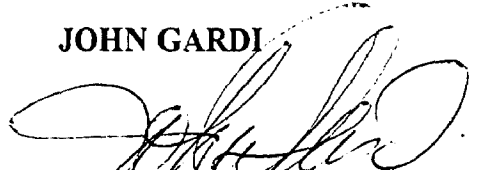
IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date set forth above.

**DOLPHIN ELECTREEL, INC.**

  
\_\_\_\_\_  
John Gardi, President

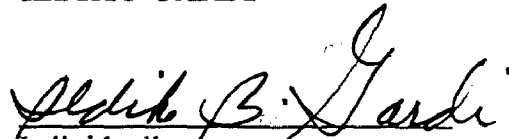
Dated: 3/3/03

**JOHN GARDI**

  
\_\_\_\_\_  
Individually

Dated: 3/3/03

**ILDIKO GARDI**

  
\_\_\_\_\_  
Individually

Dated: 3/3/03

**EXHIBIT "A"**

**Description Of Technology Collateral**

- A. U. S. Letters Patent No. 5,954,285, for the invention titled DRIVING ARRANGEMENT FOR A MOTORIZED FISHING REEL, which issued on September 21, 1999;
- B. U. S. Letters Patent No. 5,752,461, for the invention titled TEASER LINE PULLER, which issued on May 19, 1998;
- C. Any and all additional intellectual or other property, additions, amendments, improvements and/or substitutions relating to the inventions described and identified in the above items A through B inclusive (collectively, the "Technology").



**EXHIBIT "B"**

**Assignment**

## ASSIGNMENT

**WHEREAS**, JOHN GARDI, ILDIKO GARDI and DOLPHIN ELECTREEL, INC. (collectively hereinafter referred to as "Assignor"), of Sarasota, Florida are the owners, by assignments recorded in the U. S. Patent and Trademark Office, of:

- A. U. S. Letters Patent No. 5,954,285, for the invention titled DRIVING ARRANGEMENT FOR A MOTORIZED FISHING REEL, which issued on September 21, 1999;
- B. U. S. Letters Patent No. 5,752,461, for the invention titled TEASER LINE PULLER, which issued on May 19, 1998;
- C. Any and all additional intellectual or other property, additions, amendments, improvements and/or substitutions relating to the inventions described and identified in the above items A through B inclusive (collectively, the "Technology"); and

**WHEREAS**, FRANK PECHAR (Hereinafter referred to as "Assignee"), of Sarasota, Florida, is desirous of acquiring the entire right, title and interest in and to said inventions and said Letters Patent and pending patent applications for the inventions as described above;

**NOW, THEREFORE, TO ALL WHOM IT MAY CONCERN:** Be it known that, in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, the Assignor does hereby sell, assign and transfer to Assignee and its successors and assigns the entire right, title and interest in and to the Technology and any and all equivalents thereto which may be granted on the same in the United States and all countries throughout the world including any divisions, renewals, continuations in whole or in part, substitutions, conversions, reissues, prolongations or extensions thereof, said interest to be held and enjoyed by Assignee as fully and exclusively as it would have been held and enjoyed by Assignor had this assignment and transfer not been made, to the full term of any such Letters Patent.

**FURTHERMORE**, Assignor represents and warrants that it has full power and authority to make this assignment, that it has not heretofore assigned, pledged, liened, hypothecated, alienated, nor otherwise encumbered in any fashion the inventions, and that it will, upon written request made by Assignee, execute any and all further documents reasonably necessary to perfect Assignee's ownership of the inventions at no further cost or expense to Assignee.

IN TESTIMONY WHEREOF, Assignor has hereunto signed its name on the date given below.

**DOLPHIN ELECTREEL, INC.**

\_\_\_\_\_  
John Gardi, President

Dated: \_\_\_\_\_

**JOHN GARDI**

\_\_\_\_\_  
Individually

Dated: \_\_\_\_\_

**ILDIKO GARDI**

\_\_\_\_\_  
Individually

Dated: \_\_\_\_\_

**ASSIGNMENT OF PATENT**

WHEREAS, DOLPHIN ELECTREEL, INC., a Florida corporation, hereinafter referred to as patentee, did obtain a United States Patent for Driving Arrangement for a Teaser Line Puller No. 5,752,461, dated May 19, 1998; and whereas, the patentee is now the sole owner of said patent, and,

WHEREAS, Frank Pechar of Sarasota, Florida, hereinafter referred to as "assignee", whose mailing address is 3948 Berlin Drive, City of Sarasota, and State of Florida is desirous of acquiring the entire right, title and interest in the same;

NOW, THEREFORE, in consideration of the sum of ten dollars (\$10.00), the receipt whereof is acknowledged, and other good and valuable consideration, the undersigned patentee, by these presents does sell, assign and transfer unto said assignee the entire right, title and interest in and to the said Patent aforesaid; the same to be held and enjoyed by the said assignee for his own use and behoof, and for his legal representatives and assigns, to the full end of the term for which said Patent is granted, as fully and entirely as the same would have been held by me had this assignment and sale not been made.

Executed this \_\_\_ day of March, 2003, at the law offices of Abel, Band, Russell, Collier, Pitchford & Gordon, Chartered, 240 S. Pineapple Avenue, Sarasota, Florida.

**Dolphin Electreel, Inc.**, a Florida corporation

By: \_\_\_\_\_  
John Gardi, President

State of Florida  
County of Sarasota

Before me personally appeared said John Gardi and acknowledged the foregoing instrument to be his free act and deed this \_\_\_\_ day of March, 2003.

\_\_\_\_\_  
(Notary Public)

**ASSIGNMENT OF PATENT**

WHEREAS, DOLPHIN ELECTREEL, INC., a Florida corporation, hereinafter referred to as patentee, did obtain a United States Patent for Driving Arrangement for a Motorized Fishing Reel No. 5,954,285, dated September 21, 1999; and whereas, the patentee is now the sole owner of said patent, and,

WHEREAS, Frank Pechar of Sarasota, Florida, hereinafter referred to as "assignee", whose mailing address is 3948 Berlin Drive, City of Sarasota, and State of Florida is desirous of acquiring the entire right, title and interest in the same;

NOW, THEREFORE, in consideration of the sum of ten dollars (\$10.00), the receipt whereof is acknowledged, and other good and valuable consideration, the undersigned patentee, by these presents does sell, assign and transfer unto said assignee the entire right, title and interest in and to the said Patent aforesaid; the same to be held and enjoyed by the said assignee for his own use and behoof, and for his legal representatives and assigns, to the full end of the term for which said Patent is granted, as fully and entirely as the same would have been held by me had this assignment and sale not been made.

Executed this \_\_\_ day of March, 2003, at the law offices of Abel, Band, Russell, Collier, Pitchford & Gordon, Chartered, 240 S. Pineapple Avenue, Sarasota, Florida.

**Dolphin Electreel, Inc.**, a Florida corporation

By: \_\_\_\_\_  
John Gardi, President

State of Florida  
County of Sarasota

Before me personally appeared said John Gardi and acknowledged the foregoing instrument to be his free act and deed this \_\_\_\_ day of March, 2003.

\_\_\_\_\_  
(Notary Public)