

FORM PTO 1595 (Modified)
(Rev. 03-01)
OMB No. 0511-0027 (exp. 5/31/2002)
POSTAL REVOLVING FUND

04-16-2003

COVER SHEET

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

FILED



102420953

Tab settings → → → ▼

To the Honorable Commissione.

Use record the attached original documents or copy thereof.

1 Name of conveying party(ies):

Prime Image, Inc.

4.14.03

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

Name: William B. Hendershot

Internal Address:

Additional names(s) of conveying party(ies)

Yes No

3 Nature of conveyance:

Assignment

Merger

Security Agreement

Change of Name

Other

Street Address: 948 Pollock Road

City: Delaware

State: OH

ZIP: 48015

Execution Date: March 10, 2003

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)

10/10,388

B. Patent No.(s)

Additional numbers attached? Yes No

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

Name: Michael J. Pollock

Internal Address: Suite 290

04/15/2003 LUPELLER 00000126 10103388

01 FC:8) 1

40.00 OP

Street Address: 121 Spear Street, Suite 290

City: San Francisco

State: CA

ZIP: 94105

6. Total number of applications and patents involved:

1

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

Enclosed - Any excess or insufficiency should be credited or debited to deposit account

Authorized to be charged to deposit account

8. Deposit account number:

50-1703

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

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.

Michael J. Pollock (Reg. No. 29,098)

April 7, 2003

Name of Person Signing

Signature

Date

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

12

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of March 10, 2003 by and between Prime Image, Inc., a California corporation ("Grantor") and William B. Hendershot III ("Secured Party"), a California corporation.

RECITALS

A. Secured Party has entered into a Consulting and Non-Competition Agreement (Consulting Agreement) with Prime Image, Inc., a California corporation ("Prime Image"), as part of a transaction by which Pledgor has acquired 61.86% of the issued and outstanding shares of Prime Image. Prime Image is obliged to pay Secured Party monthly payments pursuant to such Consulting Agreement to and including August 10, 2008. In the Consulting Agreement and the underlying Stock Purchase Agreement, Pledgor has agreed that, to provide security for such payments, Pledgor will pledge all its Patents, Trademarks, and other Intellectual Property.

B. In order to induce Secured Party to enter into the Consulting Agreement, Grantor has agreed to assign certain intangible property to Secured Party for purposes of securing the obligations of Grantor to Secured Party.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future indebtedness, obligation and liabilities to Secured Party pursuant to the Consulting Agreement, Grantor hereby grants a security interest and mortgage to Secured Party, as security, Grantor's entire right, title and interest in, to and under the following (all of which shall collectively be called the "Collateral"):

(a) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, or acquired or held;

(b) Any and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(c) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit A attached hereto (collectively, the "Patents");

(d) Any trademark and service mark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks,

PATENT

REEL: 013944 FRAME: 0188

including without limitation those set forth on Exhibit B attached hereto (collectively, the "Trademarks");

(e) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(f) All licenses or other rights to use any of the Patents or Trademarks, and all license fees and royalties arising from such use;

(g) All amendments, extensions and renewals of any of the Patents or Trademarks; and

(h) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Grantor authorizes and requests that the Commissioner of Patents and Trademarks record this Agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is now the sole owner of the Collateral;

(b) Performance of this Agreement does not conflict with or result in a breach of any agreement to which Grantor is party or by which Grantor is bound; ;

(c) During the term of this Agreement, Grantor will not transfer or otherwise encumber any interest in the Collateral, except for non-exclusive licenses granted by Grantor, or as set forth in this Agreement;

(d) Grantor shall deliver to Secured Party thirty (30) days prior to the filing thereof, of any applications or registrations that Grantor has made or filed with respect to any Patents or Trademarks and the status of any outstanding applications or registrations.

(e) Grantor shall promptly advise Secured Party of any material change in the composition of the Collateral, including but not limited to any subsequent ownership right of Grantor in or to any Trademark or Patent not specified in this Agreement;

(f) Subject only to the provisions paragraph A8 of the Consulting Agreement, Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks and Patents; (ii) use its best efforts to detect infringements of the Trademarks and Patents and promptly advise Secured Party in writing of material infringements detected; and

Collateral or the rights and remedies of Secured Party in relation thereto, including the levy of any legal process against any of the Collateral.

4. Secured Party's Rights. Secured Party shall have the right, but not the obligation, to take, at Grantor's sole expense, any actions that Grantor is required under this Agreement to take but which Grantor fails to take, after five (5) days' telephonic or written notice to Grantor. Grantor shall reimburse and indemnify Secured Party for all costs and expenses incurred in the reasonable exercise of its rights under this section 4.

5. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Grantor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and take all such action as may reasonably be deemed necessary or advisable, or as requested by Secured Party to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Collateral, including the execution of financing statements from the Collateral for recordation in California, Illinois, Pennsylvania, and Ohio .

(b) Grantor hereby irrevocably appoints Secured Party as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Secured Party or otherwise, from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including:

(i) To modify in its sole discretion this Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibit A and Exhibit B, to include reference to any right title or interest in any patents, or trademarks acquired by Grantor after the execution hereof or to delete any reference to any right, title, interest in any patents or trademarks in which Grantor no longer has or claims any right, title or interest;

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Grantor where permitted by law; and

(iii) After the occurrence of an Event of Default, to transfer the Collateral into the name of Secured Party or a third party to the extent permitted under the California Uniform Commercial Code.

6. Events of Default. The occurrence of any of the following shall constitute an Event of Default under the Agreement:

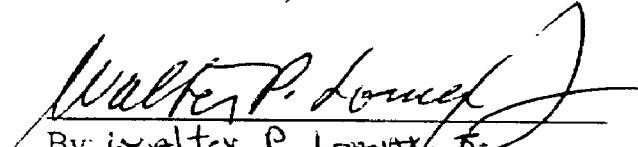
instrument. Signatures which are transmitted by facsimile shall be treated the same as an original signature to a counterpart.

14. California Law and Jurisdiction. This Agreement shall be governed by the laws of the State of California, without regard for choice of law provisions. Grantor and Secured Party consent to the non-exclusive jurisdiction of any state or federal court located in Santa Clara County, California.

IN WITNESS WHEREOF, the parties hereto have executed this Intellectual Property Security Agreement on the day and year first above written.

Address of Grantor:
662 Giguere Court, Suite C
San Jose, California 95193

GRANTOR: PRIME IMAGE, INC.


By: Walter P. Loupez, Sr.
Its: Managing Member

Address of Secured Party:
948 Pollack Road
Delaware, Ohio 48015

ASSIGNEE: WILLIAM B. HENDERSHOT III

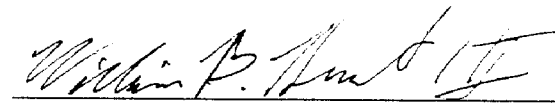

By: William B. Hendershot III
Its: President

Exhibit A
Patents

All present and future registered and unregistered patents. including but not limited to the following:

PENDING PATENT APPLICATIONS

<u>Appln. No.</u>	<u>Filing Date</u>	<u>Title</u>
09/516,303	2/29/00	MULTI-CHANNEL AUDIO PROCESSING SYSTEM WITH REAL TIME PROGRAM DURATION ALTERATION
60/362,515 (provisional)	03/06/02	INSERTION OF A CLIP OF UNKNOWN LENGTH INTO A BROADCAST SIGNAL AT ANY ARBITRARY TIME (Not yet assigned by sole inventor Bill Hendershot)
Not yet available	02/28/03	INSERTION OF A CLIP OF ANY LENGTH INTO A BROADCAST SIGNAL AT ANY ARBITRARY TIME
10/103,388	03/21/02	METHOD AND SYSTEM FOR ROUTING BROADCAST QUALITY VIDEO AND STEREO AUDIO SIGNALS OVER LONG DISTANCES
60/444,722 (provisional)	02/04/03	METHOD OF INCREASING THE LENGTH OF BROADCAST PROGRAMS THAT ARE TOO SHORT (Not yet assigned by sole inventor Bill Hendershot)

ISSUED PATENTS

<u>Appln. No.</u>	<u>Issue Date</u>	<u>Title</u>
5,995,153	11/30/99	VIDEO PROCESSING SYSTEM WITH REAL TIME PROGRAM DURATION COMPRESSION AND EXPANSION

6,195,387	02/27/01	VIDEO PROCESSING SYSTEM WITH REAL TIME PROGRAM DURATION COMPRESSION AND EXPANSION
6,353,632	03/05/02	VIDEO PROCESSING SYSTEM WITH REAL TIME PROGRAM DURATION COMPRESSION AND EXPANSION
6,424,677	07/23/02	VIDEO/AUDIO PROCESSING SYSTEM PROVIDING REAL TIME PROGRAM DURATION ALTERATION

Exhibit B
Trademarks

All present and future registered and unregistered trademarks, including but not limited to the following:

<u>Registration No.</u>	<u>Mark</u>
2,170,242	THE TIME MACHINE
1,689,972	PRIME IMAGE

State of _____

County of _____

On _____, before me, _____

_____,
Date

Name and Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared _____

_____,

Name(s) of Signer(s)

personally known to me
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), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Place Notary Seal Above

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: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

**RIGHT
THUMBPRINT
OF SIGNER**

Top of thumb here

Capacity(ies) Claimed by Signer

Signer's Name: _____

Individual

Corporate Officer – Title(s): _____