

04-16-2003

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U.S. DEPARTMENT OF COMMERCE

Patent and Trademark Office



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To the Honorable Commissioner of Patents and Trademarks 102420956

e attached original documents or copy thereof.

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

Prime Image, Inc.

4-14-03

Additional names(s) of conveying party(ies)

☐ Yes ☒ No

## 3. Nature of conveyance:

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

Execution Date: March 10, 2003

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

Name: William B. Hendershot

Internal Address:

Street Address: 948 Pollock Road

City: Delaware

State: OH

ZIP: 48015

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)

5,995,153

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 LMUeller 00000123 5995153

FC:8021

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)

Name of Person Signing

Signature

April 7, 2003

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,

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

(iii) not allow any Trademarks and Patents to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonment is appropriate;

(g) Grantor shall register or cause to be registered (to the extent not already registered) with the United States Patent and Trademark Office, those intellectual property rights listed on Exhibits A and B hereto within thirty (30) days of the date of this Agreement. Grantor shall register or cause to be registered with the United States Patent and Trademark Office, those additional intellectual property rights developed or acquired by Grantor from time to time in connection with any product prior to the sale or licensing of such product to any third party (including without limitation, revisions or additions to the intellectual property rights listed on such Exhibits A and B). Grantor shall, from time to time, execute and file such other instruments, and take such further actions as Secured Party may request from time to time to perfect or continue the perfection of Secured Party's interest in the Collateral;

(h) This Agreement creates, and in the case of after acquired Collateral, this Agreement will create at the time Grantor first has rights in such after acquired Collateral, in favor of Secured Party a valid and perfected first priority security interest in the Collateral in the United States securing the payment and performance of the obligations evidenced by the Note upon making the filings referred to in clause (i) below;

(i) Except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks necessary to perfect the security interests created hereunder, and, except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Grantor in the U.S.; or (ii) for the perfection in the United States or the exercise by Secured Party of its rights and remedies hereunder;

(j) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Grantor with respect to the Collateral is accurate and complete in all material respects;

(k) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Secured Party's prior written consent. Grantor shall not permit the inclusion in any contract to which it becomes a party of any provisions that could or might in any way impair or prevent the creation of a security interest in Grantor's rights and interests in any property included within the definition of the Collateral acquired under such contracts; and

(l) Upon any officer of Grantor obtaining knowledge thereof, Grantor will promptly notify Secured Party in writing of any event that materially adversely affects the value of any of the Collateral, the ability of Grantor or Secured Party to dispose of any of the

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:

(a) An Event of Default occurs under the Consulting Agreement or any other agreement; or

(b) Grantor breaches any warranty or agreement made by Grantor in this Agreement.

7. Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the right to exercise all the remedies of a secured party under the California Uniform Commercial Code, including without limitation the right to require Grantor to assemble the Collateral and to make it available to Secured Party at a place designated by Secured Party. Secured Party shall have a nonexclusive, royalty free license to use the Patents and Trademarks to the extent reasonably necessary to permit Secured Party to exercise its rights and remedies upon the occurrence of an Event of default. Grantor will pay any expenses (including attorneys' fees) incurred by Secured Party in connection with the exercise of any of Secured Party's rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Secured Party's rights and remedies with respect to the Collateral shall be cumulative.

8. Indemnity. Grantor agrees to defend, indemnify and hold harmless Secured Party and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Secured Party as a result of or in any way arising out of, following or consequential to transactions between Secured Party and Grantor, whether under this Agreement or otherwise (including without limitation attorneys' fees and expenses), except for losses arising from or out of Secured Party's gross negligence or willful misconduct.

9. Reassignment. At such time as Grantor shall completely satisfy all of the obligations secured hereunder, Secured Party shall execute and deliver to Grantor all deeds, assignments and other instruments as may be necessary or proper to revest in Grantor full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

10. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

11. Attorneys' Fees. If any action relating to this Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements.

12. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same

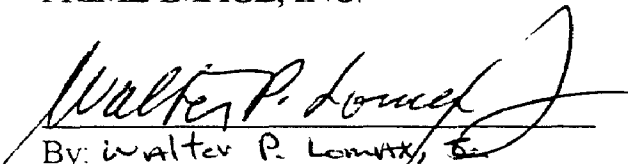
instrument. Signatures which are transmitted by facsimile shall be treated the same as an original signature to a counterpart.

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. Lomax, Sr.  
Its: Managing Member

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

ASSIGNEE: WILLIAM B. HENDERSHOT III

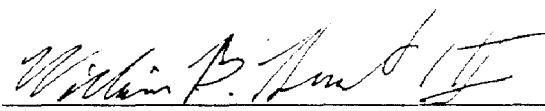
  
By: William B. Hendershot III  
Its: President

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): \_\_\_\_\_