

Form PTO-1595 (Rev. 10/02) **RECORDATION FORM COVER SHEET** U.S. DEPARTMENT OF COMMERCE
 OMB No. 0651-0027 (exp. 6/30/2005) **PATENTS ONLY** U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):
 JamSession Corporation

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

2. Name and address of receiving party(ies)
 Name: Valaran Corporation
 Internal Address: Suite 201

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 6/30/03

Street Address: 212 CarnegieCenter
 City: Princeton State: NJ Zip: 08540

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

4. Application number(s) or patent number(s):
 If this document is being filed together with a new application, the execution date of the application is: _____
 A. Patent Application No.(s) 09/928028; 09/940367
 PCTUS0223551; PCTUS0223554; 60/405488

B. Patent No.(s) _____

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Stuart D. Rudoler
 Internal Address: Wolf, Block, Schorr and Solis-Cohen LLP
 22nd Floor
 Street Address: 1650 Arch Street
 City: Philadelphia State: PA Zip: 19103

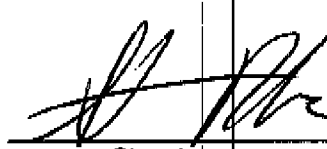
6. Total number of applications and patents involved: 5

7. Total fee (37 CFR 3.41) \$ 200.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
 232820

DO NOT USE THIS SPACE

9. Signature.
 Stuart D. Rudoler
 Name of Person Signing


 Signature

10/14/03
 Date

Total number of pages including cover sheet, attachments, and documents: 8

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

CH \$200.00 232820 09928028

PATENTS SECURITY AGREEMENT

THIS PATENTS SECURITY AGREEMENT (this "Security Agreement") is made effective as of June 25, 2003 by and between JAMSESSION CORPORATION ("Assignor") and VALARAN CORPORATION ("Assignee").

BACKGROUND

A. WHEREAS, the parties hereto have entered into that certain Patent and Technology License Agreement ("**License Agreement**"), and that certain Convertible Promissory Note ("**Note**"), both effective on about the same date as the effective date of this Security Agreement (the License Agreement and the Note, together, as heretofore or hereafter amended, modified or restated, being referred to herein as the "**Loan Agreement**");

B. WHEREAS, Assignee agreed to license certain technology and assign certain patents applications to Assignor in exchange for the Note and Royalties (as defined in the License Agreement); and

C. WHEREAS, the Loan Agreement provides, inter alia, that Assignor will grant to Assignee a security interest in its patents, patent rights, and patent applications.

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

1. **Incorporation of Loan Agreement.** The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. **Security Interest.**

(a) **Security Interest in Patents.** To secure the complete and timely payment and satisfaction of the Note and Royalties, Assignor hereby mortgages and pledges to Assignee and grants to Assignee a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of Assignor's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed (collectively with items named in **Section 2(b)**, below, the "**Collateral**"):

(i) patents and patent applications listed on **Schedule E-1**, attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the

world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d), are sometimes hereinafter individually and/or collectively referred to as the "**Patents**");

3. **Restrictions on Future Agreements.** Assignor agrees that until the Note and all Royalties shall have been paid in full, Assignor will not, without Assignee's prior written consent, enter into any agreement (including, without limitation, any license or royalty agreement) which is inconsistent with Assignor's obligations under this Security Agreement or the Loan Agreement and Assignor further agrees that it will not take any action, or permit any action to be taken by others, subject to its control, including licensees, or fail to take any action, which would affect the validity or enforcement of the rights of Assignee under this Security Agreement.

4. **Assignee's Right to Inspect.** Assignee shall have the right, at any time and from time to time, to inspect Assignor's premises and to examine Assignor's books and records. Assignor agrees not to sell or assign its interest in, or grant any license under the Patents without the prior written consent of Assignee.

5. **Termination.** This Security Agreement is made for collateral purposes only. Upon payment in full of the Note and all Royalties, Assignee shall execute and deliver to Assignors a termination of Assignee's security interest granted herein and all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignors full title to the Patents, subject to any disposition thereof which may have been made by Assignee pursuant hereto.

6. **Duties of Assignor.** Assignor shall have the duty to maintain all of the Patents that issue and notify Assignee of any patent application that it does not intend to prosecute in sufficient time to Assignee to prosecute such applications.

7. **Event of Default.** Upon the occurrence of any Default, as defined in the Loan Agreement, Assignee may, without further notice to or consent of Assignor, immediately record all assignments previously executed and delivered to Assignee by any Assignor and/or execute and record with all applicable offices (including, without limitation, the Patent and Trademark Office) an absolute assignment to Assignee by Assignors, or any of them, of all rights, title and interest of Assignors, or any of them, in and to the Patents. Assignor hereby authorizes and agrees that Assignee may, through the power of attorney granted in **Section 12** hereof, irrevocably execute and deliver in Assignor's name any and all such assignments and agreements and to take any and all other actions in Assignor's name as Assignee shall deem reasonable or appropriate to transfer and convey all right, title and interest of Assignor in and to the Collateral to Assignee or any other person or entity selected by Assignee.

8. **Assignee's Right to Sue.** Assignee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, if Assignee shall commence any such suit, Assignor shall, at the request of Assignee, do any and all lawful acts and execute any and all proper documents required by Assignee in aid of such enforcement and Assignors shall promptly, upon demand, reimburse and indemnify Assignee for all costs and expenses incurred by Assignee in the exercise of its rights under this **Section 8**.

9. **Waivers.** No course of dealing between Assignor and Assignee, nor any failure to exercise, nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

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

11. **Modification.** This Security Agreement cannot be altered, amended or modified in any way, except by a writing signed by the parties hereto.

12. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.** All of Assignee's rights and remedies with respect to the Patents, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor hereby authorizes Assignee to make, constitute and appoint any officer or agent of Assignee as Assignee may select, in its sole discretion, as Assignor's true and lawful attorney-in-fact, with power to (i) endorse Assignor's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Assignee to protect, evidence, perfect or enforce its security interest in the Patents, (ii) take any other actions with respect to the Patents as the Assignee reasonably deems in the best interest of the Assignee, (iii) following a Default, grant or issue any exclusive or non-exclusive license under the Patent to anyone, including Assignee, and/or (iv) following a Default, assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone, including Assignee. Assignee hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all Royalties and the Note shall have been paid in full. Assignor acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Assignee under the Loan Agreement but rather is intended to facilitate the exercise of such rights and remedies given it by the terms of this Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents may be located.

13. **Binding Effect; Benefits.** This Security Agreement shall be binding upon the Assignor and their successors and assigns, and shall inure to the benefit of Assignee, its nominees, successors and assigns.

14. **Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

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

VALARAN CORPORATION

By: _____

Name/Title: _____

Mark J. Kadis
Treasurer

JAM SESSION CORPORATION

By: _____

Name/Title: _____

[Signature]
Andrew MANNING CEO

COMMONWEALTH OF PENNSYLVANIA :
: SS:
COUNTY OF :

On this 30th day of JUNE, 2003, before me, a Notary Public, personally appeared MARK J. KADISH, who acknowledged himself/herself to be a duly acting TREASURER of **VALARAN CORPORATION** and that he/she as such TREASURER, being duly authorized to do so, executed the foregoing Patents Security Agreement for the purposes therein contained by signing his/her name as such officer on behalf of the Assignee.

Carol F. Mester
Notary Public
My Commission Expires:

CAROL F. MESTER
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 10/21/2007

COMMONWEALTH OF PENNSYLVANIA :
: SS:
COUNTY OF :

On this 30th day of JUNE, 2003, before me, a Notary Public, personally appeared ANDREW MAUNDER, who acknowledged himself/herself to be a duly acting CEO of JAM SESSION CORPORATION and that he/she as such officer, being duly authorized to do so, executed the foregoing Patents Security Agreement for the purposes therein contained by signing his/her name as such officer on behalf of the Assignor.

Carol F. Mester
Notary Public
My Commission Expires:

CAROL F. MESTER
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 10/21/2007

**SCHEDULE E-1
TO
PATENTS SECURITY AGREEMENT**

Patents

<u>Application S/N</u>	<u>Type</u>	<u>Filing Date</u>	<u>Docket #</u>	<u>Description</u>
US 09/928,028	Non-Provisional	8/10/01	SYN006-04	Grouping
PCT/US02/23551	PCT	7/24/02	SYN006-04PCT	Grouping
US 09/940,367	Non-Provisional	8/28/01	SYN006-05	Group Transitions
PCT/US02/23554	PCT	7/24/02	SYN006-05PCT	Group Transitions
US 60/405,488	Provisional	8/23/02	SYN006-12P	Secure Collaborative Applications

DSC:935693.1/SYN006-152991

RECORDED: 10/14/2003

PATENT
REEL: 014047 FRAME: 0526

*** TITLE PAGE ***